

**DISCOURSES OF CIVIL SOCIETY IN SOUTH KOREA  
:DEMOCRATISATION IN AN EMERGING INFORMATION SOCIETY**

by

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## **ABSTRACT**

This thesis presents a late-Durkheimian theoretical framework on civil society as a sphere of solidarity and applies it to the development from modern society to an 'information society'. The framework is used to identify the cultural codes that exist in different information societies and to show their role in integrating or dividing the members of civil society. The framework is applied to South Korean civil society entering an information age coincident alongside processes of democratisation. Three policy debates relating to information are used as case studies to show the coexistence of, and conflicts between, a 'developmental code' based on economic growth and anti-communism deriving from the authoritarian period of state-sponsored capitalism, and a later 'democratic code' based on human rights. The three cases are: the Electronic National Identification Card, the National Education Information System and the credit information system. The thesis argues that the values of a 'democratic' code are becoming more dominant in recent South Korean society, despite continuous challenge for its validity. The cases provide evidence that democratisation and informatization can operate in tandem to establish the dominance of the democratic code in public discourse in South Korean civil society.

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## **ABBREVIATIONS**

AMCI	Agreements between financial institutions on the Management of Credit Information
CB	credit bureau
CCA	Centralized Credit Information Collection Agency
CDA	Critical Discourse Analysis
CIC	Credit Information Council
CISS	credit information sharing system
CRA	credit reporting agency
C/S	Client Server
Credit Information Act	Use and Protection of Credit Information Act
EIC	Educational Informatization Committee
FSC	Financial Services Commission
FSS	Financial Supervisory Service
electronic ID card	Electronic National Identification Card
JSCID	Joint Struggle Committee to protect privacy rights and against integrated Electronic National ID Card
JSCNEIS	Joint Struggle Committee to Protect Human Rights in Information Society and against NEIS
KFB	Korea Federation of Banks
KFTA	Korean Federation of Teachers' Association
KTU	Korean Teachers and Educational Workers' Union
MOE	Ministry of Education and Human Resources Development
MOHA	Ministry of Home Affairs

MOFE	Ministry of Finance and Economy
NEIS	National Education Information System
NHRC	National Human Rights Commission of Korea
PCFR	Presidential Commission on Financial Reform
PCR	public credit registry
PSPD	People's Solidarity for Participatory Democracy
SEIS	School Education Information System
SIMS	School Information Management System

# **INTRODUCTION**

After the 1987 Democracy Uprising in South Korea, it was in 1992 that the first civilian president was elected. Then, two consecutive democracy fighter-turned-president governments (1998-2007) followed. No doubt South Korean civil society was entering a newly democratized phase. However, it did not automatically guarantee that values and norms in the authoritarian regimes would be replaced by democratic ones, as shown in the following example.

In the transition toward democracy, a liberal newspaper survey in 2005 revealed that two thirds of the total respondents chose Park Chung Hee of the authoritarian military regime as the president with the best capability of administrative management of state affairs<sup>1</sup>. Managerial capacity for addressing the national economy was scored as the most important requirement for a president. Ironically, it is this policy for economic growth that brought the Roh Moo-hyun government face-to-face with pan-national and massive protests in July 2006. The government put an emphasis on the role of the U.S.-Korea Free Trade Agreement in the development of a competitive edge for the Korean economy and the prospect of higher economic growth. However, opponents argued that the democratically elected government promoted the agreement in an undemocratic and nontransparent way. They condemned the government for refusing to publicize details of the negotiations and for not to using a domestic consensus-building process before negotiations. Regardless of intensifying opposition, continuing negotiations between Korea and the U.S. resulted in a free trade agreement on the 2th of April 2007. Civil organizations urged the president to step down.

What motivated Koreans to call for democracy, even though they tended to lean toward the nostalgia of the economic growth miracle during the Park Chung Hee authoritarian regime?

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<sup>1</sup> *The Kyunghyang Shinmun*, 1 January 2005. It is called “Park Chung Hee nostalgia.”

How can ‘developmental’ revivalism be explained in Korean society in the transition toward democratisation? What made the progressive government put a priority on the ‘economy first’ over democratic rights? Why did the “participatory” government fail to achieve even a procedural democracy, not to mention substantive democracy?

Existing studies provide a limited answer to these questions. Since the 1987 Democracy Uprising, various theories on democratization have been applied to explain the democratic transition in Korea<sup>2</sup>. Broadly speaking, the approaches can be divided into two perspectives: the strategic choice theory and the social movement theory<sup>3</sup> (Kim S. , 2007).

Strategic choice theory focuses on elite calculations and interactions as contributors to democracy. For instance, Im Hyug-Baeg (1990) suggests that the determinants of the democratic transition in 1987 were strategic negotiations and pacts between softliners within the ruling elite and moderates among the opposition. He maintains that after democratization, the mediation of public interests with the state was brought about by “institutional civil

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<sup>2</sup> Turning to the 1990s, perspectives on democratic transition received much attention. Entering the 2000s, democratic consolidation became an important research topic. The reason for this was that despite the transition to democracy, Korean society had a tendency to show continuous and intensified conflicts between conservative forces and democratic forces and accordingly social and political instability. For this trend, Choi (2005) assessed the quality of Korean society as worsening after democratisation. The other reason is related to the emergence of nostalgia for economic growth led by authoritarian regimes. It is well represented by the phrase, “democracy doesn’t put bread on the table.”

<sup>3</sup> In addition, the regulation approach and modernization theory are applied to explain democratic transitions (Sonn, 1996; Jhee, 2008). From the regulation approach, what is crucial to democratization is structural changes as well as strategic choice perspective (Kim H. K., 1995). It maintains that the change in accumulation system of Korea from Taylorism to peripheral Fordism eventually led to democratization. Democratization in 1987 is interpreted as the result of negotiations between the ruling bloc and the opposition. Modernization theory emphasizes Korea's rapid economic development as a structural factor in democratization. For instance, Mah (1993) argues that economic growth produced the structural foundation of democracy by reducing the dependence of capital on the state, expanding the working class quantitatively, and increasing the new middle class.



society” which consists of civic associations (Im Hyug-Baeg, 2009). However, he points out that the delay in democratic consolidation was caused by the excessive growth of rent-seeking civic associations. The strategic choice theory has the strength in explaining the dynamic process of democratisation. However, it does not provide an explanation of structural factors surrounding strategic negotiations: why softliners started to negotiate with moderates among the opposition. It is not clear why even the government after democratisation propelled public policies using the same process by which earlier industrialisation policies had been driven. To understand the reason for this requires an identification and analysis of the structural constraints that governments faced during the democratic transition.

Contrary to the elite-centered approach of strategic choice theory, the social movement theory is a mass-centered approach, suggesting that civil society groups formed a pro-democracy alliance and forced the authoritarian regime to move toward democracy (Song, 1994; Kim S, 2000). Cho (2007) argues that “the driving force of democratic transition and democratic consolidation comes from oppositional activation of the civil society and self-empowerment of the people.” As such, the social movement theory pays attention to the growth of civil society. However, it did not address why mobilisation in 1987 succeeded while it failed in 1980. Furthermore, it is unclear why civil society at one point supports a government-led and developmental oriented policy, while a similar policy is rejected by civil society at another. Hence, it needs more analysis of what guides people’s actions in civil society.

This thesis applies a late-Durkheimian theoretical framework to investigate into Korean society in the transition toward democracy. Sociology as a discipline takes its inspiration from understanding problems of modern society. Durkheim (1963 [1912]; 1984 [1893]), for example, described the social change from traditional societies to modern societies in terms of

the transformation of modes of solidarity. He asserted that modern society develops a new form of organic solidarity based on the process of modernization. This theoretical perspective is further developed by Parsons, Alexander and other scholars in the tradition of late-Durkheimian studies. Parsons (1964; 1971), for example, points out that the evolution of modernity is characterized by the establishment of a societal community providing integration in the complex system of modern society. According to Parsons (1971), the integration of a differentiated social system is accomplished by institutionalizing cultural values and norms that are socially accepted. Alexander (1991; 1997; 1998a; 2001a) asserts that the potential divisions within society deriving from increased complexity can be reconstructed through a broadened idea of civil solidarity to include processes of civil repair. For Alexander, the starting point to understand the structure of civil society is that of the symbolic structure of codes and how these symbolic codes are used not only to define members of civil society and their inclusion and exclusion.

Castells (1996; 2001; 2006) also argues that civil society in the information age is a network society in which individuals are reconstructing the pattern of social interaction with the help of new technologies. This observation provides the motivation for this research: what do people in an information society draw on to create categories of inclusion and exclusion, and, furthermore, how does this society become both differentiated *and* integrated in the information age.

This raises the question of whether any information society should be characterized as a new type of solidarity based on the process of informatization: specifically, it raises the question of what cultural codes exist in (different) information societies and how cultural codes play a role in integrating (or dividing) the members of civil society. To answer these questions, this

research attempts to analyze discourses in an emerging information society, that of Korea. Korea offers a good case study in that the civil society of Korea is not only entering the information age, simultaneously with industrialisation, but is also a newly democratized society.

In recent decades, Korea has experienced dramatic and rapid changes, such as economic development through industrialisation, successful democratisation and the development of information technology. During the period of authoritarian regimes (1961-1987), Korea adopted export-led industrialisation strategies to establish the legitimacy of the regime and used economic growth as a political excuse for the postponement of democracy and the suppression of civil society. With the situation of the division of the Korean peninsula, ideologies of security and anti-communism gave the military authoritarian regimes legitimacy for their seizure of power. However, after the democratic movement in 1987, Korea experienced progress toward democratisation, which took place alongside the promotion of informatization. Reforms to remove the authoritarian legacies of military regimes were implemented and informatization was also emphasized to improve national competitiveness in an era of globalization. Furthermore, the Asian financial crisis in 1997 and the first transfer of power from the ruling party to the opposition party provided a new turning point to implement social and economic reforms and to put high priority on informatization as a new engine of economic growth. Korea made fast progress in informatization, as shown in a steep increase in Internet users from 3 million in 1998 to 33.01 million in 2005. Twenty-six million users of *Cyworld*, founded in 2001, have invited friends (*ilchon*) to their mini-homepages (*Minihompy*) to share daily lives, private thoughts and journals. This informatization helped the development of democratisation by providing new tools for participation in public issues and social movements, such as alternative online media.

In sum, in its economic aspect, Korean society has transformed not only from an agricultural society to an industrial society and then to an information society but also in the political aspect, from authoritarian governments, associated with the military dictatorship, to civilian governments as a result of the success of democratisation.

During these changes, Korean civil society has not only become more differentiated, but has also become more integrated. In particular, the advent of the information age has led to ‘the networked society’ (Castells, 1996) where the differentiation and integration of civil society is dynamic and takes on new forms. Following the sociological tradition of the analysis of symbolic codes, these changes in Korean society suggest the possibility of tension between different sets of symbolic codes. This tension is revealed in controversies over various social issues and policies which have arisen during the last two decades. In this context, the research outlined in this thesis attempts to identify a set of symbolic codes and their tensions in recent Korean society.

What is noteworthy is that informatization in Korea was propelled by the same process that industrialisation was driven. With this in mind, this research suggests that the controversies over various social issues and policies which have arisen during the last two decades can be taken as indications of such tensions in Korea and can be exemplified through the controversies over information-related policies. Hence, the disputes over information-related policies are analyzed as arenas in which existing values in civil society are not only clearly exposed, but also can undergo change through symbolic conflict over new values. The specific questions I shall address are as follows.

First, what are cultural codes that operate within Korean civil society? Studies in the late-Durkheimian perspectives (Baiocchi, 2006: Edles, 1995: Jacobs, 1996a; 1998; 1999: Ku, 2001: Lockwood, 1996: Rabinovitch, 2001: Smith, 1991; 1998: Swidler, 1986) have shown that multiple codes can be present deriving from various traditions and cultures. More specific questions to address are i) whether the code in Korea is single or multiple as in less-established civil societies, ii) what codes instruct action and speech in civil society and iii) what the codes are associated with and what are they derived from.

Second, how does the tension among codes take place and how is it resolved in the transition toward democratised and informatised society? The studies in the late-Durkheimian perspectives show that the conflicts of different codes can be more apparent in less established civil society and seemingly less-effective codes in the competition for hegemony do not disappear, but remain inside of civil society. More specific objectives to be identified are i) what code becomes more dominant in the transition toward democratic and information society, and ii) if less-effective codes do not disappear how their effects are manifested. By answering these questions, this research aims to provide a framework for understanding questions identified earlier, namely i) how Koreans were motivated to call for democracy, even though they tended to lean toward the nostalgia of the economic growth miracle during the Park Chung Hee authoritarian regime, ii) how developmental revivalism can be explained in Korean society in the transition toward democratisation, iii) what made the progressive government give a priority to the ‘economy first’ over democratic rights, and iv) why the “participatory” government failed to achieve even a procedural democracy, apart from a substantive democracy.

The answers to the above questions are addressed through the comparative investigation of three related cases. The first is the dispute over the Electronic National Identification Card at the beginning stage of the transition toward democracy and informatization, that is, between 1995 and 1999. The second is the controversy over the National Education Information System in the new democratic government between 2000 and 2003. The final case is the debate over credit information which took place across the period covered by the other two cases, that is, between 1995 and 2007.

Chapter 1 discusses civil society, culture and social change. It provides the theoretical framework for this research. For the general background, Parsons' discussions about modernity are summarized: how mature modernity emerges in modern society, the nature of the system of modernity, and the role of the societal community as a distinctive component of modernity. Extensions of Parsons' account of societal community, including by Alexander and Lockwood, are discussed. Then, the Castells' theory of network society is reviewed. This provides an introduction to the new issues of the societal community in post-modern society.

Chapter 2 sets out the changes in politics, social structure and civil society in Korea since partition. It provides the context for subsequent chapters.

Chapter 3 sets out issues of methodology and research design. An overview of the three disputes over information-related policies in Korea is presented. This provides a general account of the cases and the justification of their selection. A general discussion of case study methodology is provided, including issues of the generalisation of a case study and the usefulness of a case study approach. A brief review of a narrative approach follows, which focuses on its features in explaining the dynamics of civil society. Then, the concept of

discourse and its role in civil society is discussed from a critical discourse analysis perspective as well as from a conventional view. After addressing the role of the media in civil society, the nature of data to be collected is presented.

Chapter 4 investigates the controversy over the Electronic National Identification Card between civil society organizations and the Korean government. In the sense that the debate period was between April 1995 and February 1999, it showed how existing codes underwent change at the beginning stage of the transition toward democracy in Korea.

Chapter 5 examines the controversy over the National Education Information System from 2000 to 2003. The dispute of the National Education Information System hit its stride after the first accession to power by only democratic forces without any coalition in 2002. However, while the Electronic National Identification Card was scrapped, the National Education Information System was implemented after some revision. Hence, the focal point of this chapter is whether the democratic code had failed to become fully sedimented in civil society as the dominant code.

Chapter 6 analyzes the debate about credit information, which was conducted for a longer period (1995-2007) encompassing the previous two debates. In the sense that the previous two debates showed the confrontation of two codes for dominance, this chapter acts as a supplement to the previous chapters and shows the articulation of two codes in a context that potentially favours the code deriving from an emphasis on economic growth and industrial development. Nonetheless, the ‘democratic’ code still has important effects, reinforcing a view that it is becoming more dominant. .

Finally, the conclusion provides a review of the findings, implications and an outline of further research.



## **Chapter One**

### **CIVIL SOCIETY, CULTURE AND SOCIAL CHANGE**

## **1.1. Introduction**

With the rise of modernity, the way in which it emerges and its central problems became core interests of the classical sociologists. From the nineteenth century, the three founding classical sociologists, Karl Marx (1818-1883), Émile Durkheim (1858-1971), and Max Weber (1864-1920), tried to clarify the main features of modernity and the future of modern societies from different angles and ideas.

For Marx, the core of modernity was class. From Marx's view of social change, the key to understanding a particular society was its mode(s) of production and the corresponding relations of production between the owners of the means of production and others, for example, in capitalism, the workers, the sellers of their labour power. According to Marx, in modern society, the capitalist mode of production generates capitalists and wage-earners. This class structure forms two groups; a dominant group, having property rights and power, and the subordinate classes who lack them, except in their capacities to labour. This leads to the capitalist class's exploitations of the labour of its employees by paying lower wages than the market value of the products. Thus, he claims that this contradiction of capitalism brings class conflict to the fore in modern societies. He expected that this problem of modernity, caused by the contradiction of production relations, would bring about the collapse of capitalism.

Whereas Marx recognized class antagonism as the main feature of modernity, Durkheim concentrated on the patterns of social solidarity representing moral consensus and normative regulation. He described the social change from traditional societies to modern societies in terms of the transformation of modes of solidarity. Compared to traditional societies, identified as mechanical solidarity based on similarity, modern societies are characterized as

organic solidarity formed by differences organised through a complex division of labour. Mechanical solidarity implies a form of social cohesion that ties people through conformity to norms, especially in traditional societies. Organic solidarity is the desirable form of social cohesion that binds people in societies of greater and specialised complexity. For Durkheim, the process of modernization is the process of differentiation. However, he suggests that a decline of moral authority, increased complexity in social roles and rules, and the development of the division of labour risks anomie as the main problem of modernity. For Durkheim, anomie which has resulted from the lack of social integration describes the situation showing the decline of the sense of collective identity and the increase of individuals' independence from social norms. Nevertheless, "modes of solidarity are seen by Durkheim as structures because they are experienced by human actors as external constraints on their lives" (Holton, 1996, p. 32).

Weber, for his part, tried to explain the emergence of modern society in terms of the development of rationalisation. He argued that the change from pre-modern to modern society involved an increase of rational modes of thought and organization. For Weber, the rationalization of the modern institutions of administration, especially bureaucracy, is the fundamental feature of modern societies. Weber recognizes the bureaucratic specialisation of tasks as the most important feature of capitalism rather than the class system (Giddens, 1971, p. 234). However, he claims that the rationalisation of modern life results in being the 'iron cage' within which people are increasingly imprisoned.

The emergence and problems of modernity, then, are identified differently by classical sociologists. These classical traditions were synthesized by Talcott Parsons around the idea of modernity. For him, the development of modernity is the establishment of the *system of*

*modern society*. His principal focus is mature modernity. This means that Parsons gives more significance to Weber and Durkheim than to Marx because Parsons believes that class issues are more likely to be a problem of the *emergence* of modernity and not its mature forms. In a similar vein, the Marxian concept of civil society as class society and Gramscian account of civil society as “all those institutions that we commonly think of as non-state and non-political” (Woodiwiss, 2005, p. 96) were challenged because of the change of class structure and the emergence of new social movements.

However, mature modernity has to be seen not only in terms of the development of industrial society but also in post-industrial society. Nowadays, society has changed from an industrial society to an information society (Castells, 1996; 2001; 2006), where what Parsons terms the ‘societal community’ can be understood as a network and mature modernity also can be recognized as networked modernity.

The rest of this chapter is organized as follows. First, the general backgrounds of Parsons’ discussions about modernity are summarized: how mature modernity emerges in modern society, what the *system* of modernity comprises, and the nature of the societal community as a distinctive component of the system of modernity. Second, the extensions of Parsons’ idea of the societal community by authors such as Alexander are discussed. Finally, Castells’ theory of network society is reviewed and developed in the context of Parsons and Alexander’s approach. This provides an account of the societal community in post-modern society as a prelude to my discussion of Korea as a case study.

## **1.2. The system of modernity and its societal community**

If Durkheim and Weber illustrated the change of modern society when modernity emerged, Parsons elaborated their theories when modernity had been established. Parsons was not only greatly influenced by Durkheim's differentiation theory, but also took some points from Weber's change theory (Alexander, 1992b). He made an influential contribution to synthesize classical theory within the idea of modernity. For him, the development of modernity meant the establishment of a new kind of societal community located in the system of modern society.

In contrast, Marxism identifies civil society as class society (Alexander, 1997b, p.120) which is rooted in the contradictions of the capitalist economy as the source of its main determinations. Reflecting the economic structure of capitalist society, civil society is defined as an association of equal citizens in theory, but in reality an association in which the bourgeoisie is dominant. In an attempt to overcome this Marxist dualism, Gramsci redefines civil society as "all those institutions that we commonly think of as non-state and non-political" (Woodiwiss, 2005, p.96) and "the realm of political, cultural, legal and public life that occupied an intermediate zone between economic relations and political power" (Alexander, 1997b, p.121). Gramsci suggests that "civil society itself would have to be challenged, and transformed independently of the economic base" (Alexander, 1997b, p.121). At the same time, he explains that winning hegemony based on consensus in civil society is a way to achieve working class acceptance of capital's rule, an acceptance that, unlike Marx, he suggests can be relatively stably reproduced. In this way, Gramsci moves closer to a more standard sociological account of modernity, while retaining a Marxist 'meta-critique'.

The concept of civil society attracted attention precisely because of the change in the meaning of class, the change of class structure and the emergence of new social movements. Increasing social mobility and the growing size of the middle-class led people to vote “as individuals rather than a member of a class”, indicating that “class has become an ever less dependable predictor of how people will vote” (Woodiwiss, 2005, pp.131-132). The class structure has shifted “from a pyramidal to a diamond form.” New social movements emerged in the struggle “not for socialism but for democracy, solidarity and the independence of individual rights” (Alexander, 1997a, p. 224).

In this regard, the eighteenth century concept of civil society was revived (Alexander, 1997a, p.224). In particular, using the concept of societal community, Parsons tried to explain “how a sphere of solidarity can in fact be differentiated from both market and state as well as from more specifically ideational and emotional spheres like religion, science and the family” (Alexander, 1997a, pp.224-225). For Parsons, it is the problem of order rather than alienation that is the most basic social problem in an individualistic society. He attempted to answer the question of “how societies are generally orderly rather than chaotic, despite being aggregates of intrinsically competitive individuals” (Woodiwiss, 2005, p. 111). For Parsons, there is no set of latent (and oppositional) group solidarities that are latent within the economic structure of society. Group solidarity is formed of processes intrinsic to the societal community or civil society itself.

### **1.2.1. The evolution of modern society**

Parsons illustrates the process of social change in terms of ‘evolutionary universals’ in his essay ‘Evolutionary Universals in Society’ (1964). It is a good starting point to understand the

process of the development of the societal community as the result of modernization. He maintains that fundamental evolutionary universals have four aspects: religion (as the most basic aspects of culture); language (for communication); kinship (for social organization); and technology (as a synthesis of empirical knowledge and practical techniques) (Parsons, 1964, pp. 341-2). This is very similar to Durkheim's term of mechanical solidarity as a main feature of traditional society (Holmwood, 2006, p. xxv). The next stage in the development of the evolutionary universals is the intermediate level which is characterized by two organizational complexes, social "stratification, involving a primary break with primitive kinship ascription, and cultural legitimation, with institutionalized agencies that are independent of a diffuse religious tradition" (Parsons, 1964, p. 356). These universals give foundations for the process of social change which is from intermediate to modern societies. The basic aspects of structure of modern societies are shown by four complexes: "bureaucratic organization"<sup>4</sup> of collective goal-attainment, money and market systems, generalized universalistic legal systems, and the democratic association with elective leadership and mediated membership supported for policy orientations" (Parsons, 1964, p. 356). To Parsons, the last two evolutionary universals, of generalized universalistic norms and democratic association, are so important that these not only "define and regulate power structures and their administration", but also "regulate market relations and the resources represented by money" (Holmwood, 2006, p. xxvi). Therefore, modernity, for Parsons, can be seen as "institutionalization of pattern of modern values" and simultaneously, recognized as "the outcome of an evolutionary process that leads to a higher level of organized social complexity" (Lechner, 1991, p. 177).

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<sup>4</sup> Holmwood points out that "like Weber, Parsons was convinced that bureaucracy was the most efficient form yet invented of administration, and the only form capable of organizing the specialized operations of a modern society" (Holmwood, 2006, p. xxvi).

As such, Parsons constructed the notion of societal community in terms of the development of modernity.

The United States' new type of societal community, more than any other single factor, justifies our assigning it the lead in the latest phase of modernization (Parsons, 1971, p. 114).

In other words, the societal community is defined as an independent solidarity sphere of society, which has been established in the process of modernization, such as increased market relationships, political participation, and religious activism (Alexander, 1991, pp. 167-8). With more mobility, intermarriage, migration, education and new forms of mass media accordingly there is a greater quantity and quality of interaction and the more the societal community grows. Mayhew points out, in this respect, "Parsonian theory is primarily a theory of solidarity," (1984, p. 1277). In this context, modernizing social change in stratification terms implies increasing inclusion via the social community, as well as a shift in the economic, political and value spheres to facilitate that inclusion (Alexander, 1991, pp. 168-9).

### **1.2.2. The emergence of the societal community**

Parsons suggests that the societal community is differentiated from the economy, the polity, and the cultural sphere. It is "a synthesis of the liberal concept of civil society as differentiated from the state with the stress on social integration, solidarity, and community" (Cohen & Arato, 1992, p. 119).

We have suggested that it (societal community) synthesized to a high degree the equality of opportunity stressed in socialism. It presupposes a market system, a strong legal order



relatively independent of government, and a “nation-state” emancipated from specific religious and ethnic control (Parsons, 1971, p. 114).

According to Parsons, in modern Western history, the main point of the differentiation of societal community is the appearance of the nation and its association with the societal community. He points out the following three aspects of the emergence of the nation, based on the American case: 1) “the establishment of *associational* criteria” which form the standard for being part of the nation from the membership of primitive, or ‘primordial’ groups such as the family or religious groups 2) the nation’s differentiation from its government, which implies the growth of political independence by associations within the societal community 3) “the differentiation of the societal community as nation as a shift of the integration of the three elements, community, ascriptive bases, and government, in the direction of a synthesis of citizenship and territoriality” (Parsons, 1967b, p. 425).

This differentiation of the societal community from the cultural, economical, and political subsystem is attributed to three modern revolutions namely the industrial, the democratic and the educational revolution (Parsons, 1971, pp. 86-98). In particular, Parsons stresses the educational revolution which brings equality of opportunity.

The educational revolution has been considered as a crucial innovation, especially with regard to the emphasis on the associational pattern, as well as on openness of opportunity. (Parsons, 1971, p. 114).

Accordingly, the membership of the societal community is formulated on a different basis, compared to the previous society. The membership of the community in primordial society is based on the particularism of kinship and blood. Instead, that of the societal community is

established on the universalism of simple humanity and participation in a nation-state. Parsons asserts that the conditions of modern societies are connected with “the process of differentiation which has produced *pluralistic* social structure” (1967b, p. 429). This pluralism means, for Parsons, that “not only are there many subcollectivities within the societal community, but the typical individual participates through membership in an increasingly wide variety” (1967b, p. 429). Accordingly, universalistic association of community is emphasized and every member is equally regarded as worthy of respect (Alexander, 1991, p. 168).

### **1.2.3. Societal community as a distinctive component of the system of modernity**

According to Parsons, the societal community is the integrative subsystem of society. In other words, the societal community is located in the system of modern society and serves to provide the binding against any ‘centrifugal’ tendencies of its other parts. The integration of differentiated social systems is accomplished by institutionalizing cultural values as norms that are socially accepted and applied.

... We have stressed the importance of cultural legitimation of a society’s normative order because it occupies a superordinate position. It operates in the first instance through the institutionalization of a value-system, which is part of both the societal and the cultural systems. Then its sub-values, which are specifications of general value patterns, become parts of every concrete norm that is integrated into the rights and obligations of various collectivities and their members not only with each other, but also with the bases of legitimation of the order as a whole (Parsons, 1971, p. 13)

The prototype of an association is the societal community itself, considered as a corporate body of the citizens holding primarily consensual relations to its normative order (Parsons, 1971, p. 24).

In this context, the societal community can be defined in terms of the two dimensions: “normativity” and “collectivity” (Cohen & Arato, 1992, p. 126). Normativity is a system of legitimate order produced by the institutionalization of cultural values. Collectivity is the aspect of society as a single, bounded, organized entity. In particular, the meaning of the boundedness of societal community is related to political institutions (rather than economic institutions considering the tendency of the economic sub-system to extend beyond the boundaries of a nation state).

Parsons emphasizes that the basic problem of integration to modern societies is the balance between equality and functional inequalities<sup>5</sup>. For the solution for this problem, he suggests that the institutionalization of accountability and the institutionalization of equality of opportunity could become the means of reconciliation (Parsons, 1971, pp. 119-20). The integration between claims for equality and other claims for pluralism is determined by a special mechanism involving prestige; that is, “through which various factors essential to the integration of the societal community can be evaluated, balanced, and integrated in an output, namely *influence*” (Parsons, 1971, p. 121). The concept of influence which can be operated through persuasion has a “structural role in Parsons’s theory of the differentiation of the societal-community” (Cohen & Arato, 1992, p. 113). Influence, like money and power, is recognized as a generalized symbolic medium of societal interchange which acts on collective interest and mutual solidarity (1971, p. 14).

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<sup>5</sup> Parsons referred the classification “competence—economic efficiency—collective effectiveness” as the bases for functional inequality, constituting a most elementary framework (Parsons, 1971, p. 120).

Integration is the focus of emerging institutions of stratification ... The basis is not ... national or ethnic membership. It is neither aristocracy in the older sense nor class in the Marxian sense. ... The integration of such a societal community must depend upon mechanisms that center around the attachment of generalized prestige to specific groups and to the statuses that they occupy, including the office of bearers of authority in collectivities ... The exercise of influence by one unit or set of units can help to bring other units into consensus by justifying allocations of rights and obligations, expected performances, and rewards in terms of their contributions to a common interest. The common interest is that of the society conceived as a community (Parsons & Platt, 1982, p. 337).

As such, with the concept of “societal community”, Parsons stresses social integration rather than the possibility of social conflict. For example, Habermas points out that Parsons’ theory depends on social integration where: “culture supplies societies with values that can be institutionalized and socialized individuals contribute motivations that are appropriate to normed expectations” (1987, p. 140). Indeed, Parsons attempts to show how a differentiated society can be successfully integrated and all subsystems of the society can play their function in this modern period. Furthermore, he tries to synthesize the normative claims of tradition with those of modernity, by showing how a new normative order functions in relation to a modern social system.

However, Parsons’s conceptualization of a societal community needed to be augmented because of theoretical lacunae and the gap between ‘concept’ and ‘real’ society (see, Alexander, 2005). According to Jeffrey C. Alexander, the concept of societal community tends to “confuse rather than clarify” the distinction between integration and solidarity (Alexander, 2005, p.97). He maintains that Parsons’s approach to a societal community could

lead to integration without justice or solidarity in the sacrifice of justice. The reason for this is that from the perspective that “basic tenets of justice are equality and recognition,” demands for justice “often leads to conflict, increasing rather than decreasing disorder and immediate social strain” (Alexander, 2005, p.99). Furthermore, for the subgroups outside the community, integration may be a not voluntary but coerced cooperation which is “secured only by repression not by influence or normative control” (Alexander, 2005, p.101). This indicates that the search for integration could produce exclusion rather than inclusion (Alexander, 2005, p.103).

Jeffrey C. Alexander also contends that Parsons is not able to explain how the United States accomplished both integration and justice (Alexander, 2005, p.98). Parsons’s solution to the contradiction between integration and justice is an evolutionary theory that a nondemocratic societal community evolves into a democratic one (Alexander, 2005, p.103). The problem is that evolutionary theory is not able to explain “the continuing repressiveness and exclusionary qualities of contemporary societies” (Alexander, 2005, p.104).

Besides the above theoretical lacunae, social turmoil in the late 1960s and the early 1970s seemed to be inconsistent with Parsons’s concept of a societal community. The appearance of social consensus was torn down by a considerable class tension in the industrial sector and intergenerational tensions after the war in Vietnam “to produce a whole raft of initially youth-oriented, middle-class social movements pursuing such goals as women’s liberation, gay liberation and ‘participatory democracy’” (Woodiwiss, 2005, p.115).

### **1.3. Civil society and political culture**

After Parsons, a number of writers have paid attention to the cultural importance of constructing political actions. Jeffrey C. Alexander has made significant contributions to the study of public discourse within cultural studies. On the basis of Parsons' societal community, the concept of social solidarity was combined with a civil society approach. In this context, Alexander insists that it is necessary to develop a theory "not only of facilitating inputs but of destructive intrusions that trigger social movements for civil repair" (Alexander, 1997a, p.227; 2005, p.107). He also suggests that "principles argued by Parsons to be mutually interdependent can be mutually contradictory", allowing that "institutions can be founded upon functions which logically can either express mutual necessity or mutual antagonism" (Holmwood, 1996, p.90).

Since the 1980s, Jeffrey C. Alexander has developed the notion of civil society through a series of works which contains the relationship between democracy, culture and civil society (1988a; 1988b; 1991; 1992; 1997; 1998a; 2001; 2005; 2006a; 2006b; Alexander & Jacobs, 1998; Alexander & Smith, 1993). It leads to the framework where members of civil society are understood to participate in binary discourses of good and evil, which provide feelings of membership.

Alongside Weber's universalistic communities, Durkheim's idea organic solidarity, and an understanding of the voluntaristic bases of American democracy, T. H. Marshall's model of citizenship is one of the bases of Parsons' concept of societal community (Alexander, 1997a, p.223). According to T. H. Marshall, citizenship is "a status bestowed on those who are full members of a community" (Marshall, 1950, p.18) and is "a principle of equality" (Marshall,

1950, p. 20). Along the same lines, Parsons considers citizenship as a sufficient foundation of solidarity (Parsons, 1971, p.22) and as “linked to a primary feature of social integration” (Sciortino, 2010, p. 240). Using T. H. Marshall’s concept of citizenship, Parsons shows that “the primordial solidarity of traditional society could be transformed into the moral bindingness of inclusive citizenship” (Alexander, 2005, p.97). T. H. Marshall’s citizenship extending process of civil-to-political-to-social rights is demonstrated in American history (Lechner, 1998, p. 182).

However, as claimed by Lockwood (1996), social and economic inequality can make a difference between institutionalized citizenship and an ideal form of citizenship, an argument that was subsequently taken up by Jeffrey C. Alexander. “The contradictory and fragmented nature of real civil societies” received more emphasis from Jeffrey C. Alexander (Morris, 2009, p. 366).

The arguments concerning civil society and social change in the information age are further developed by Castells in his important trilogy; *The Information Age: Economy, Society and Culture - The Rise of the Network Society* (1996), *The Power of identity* (2004c) and *End of Millennium* (1998). According to Castells, the new society is made up of networks (2000, p.695), where a network society is defined as “a society whose social structure is made of networks powered by microelectronics-based information and communication technologies” (2004a, p.3). What is noteworthy is that “networks were historically useful for personal interaction, for solidarity and for reciprocal support” (2000. p.695), placing them directly as aspects of civil society. In particular, he states that the Internet makes an important contribution to “the new pattern of sociability based on individualism, that is networked individualism” (2001, p.130). In other words, networked individualism emerges as “the

synthesis between the affirmation of an individual-centred culture, and the need and desire for sharing and co-experiencing” (2004b, p.223).

Like Jeffrey C. Alexander’s perspective on civil society, Castells maintains that the network society has “a contradictory structure and a conflictual practice as all societies in history have been” (2004b, p.223). He insists that conflicts and social change are caused by contradictions among networks (2000, p.697). Furthermore, he points out that the essential struggles in the network society “lie in the redefinition of cultural codes in the human mind” (2000, p. 695) and social movements “are essentially mobilized around cultural values” (2001, p.140). In this context, it can be concluded that Castells’ network society is considered as a networked societal community and can be investigated from the perspectives of cultural tradition.

### **1.3.1. Civil society as a realm of solidarity: Jeffrey C. Alexander**

#### **1.3.1.1. Civil society as a sphere of solidarity**

In the light of social and political struggles in the 1980s, Alexander suggests that to understand the social conditions upon which democracy depends, civil society needs to be defined as a sociological concept (1997b). He maintains that civil society is not only different from markets, states, and other non-civil areas like religion, family and science (1997b) but also is understood to be analytically different from the sphere of political power, economic production, or cultural life (1991, p. 168).

He defines civil society as a sphere of solidarity where every member of a society has the potentiality of being integrated with the feeling of ‘we-ness’ and connectedness to one another (1997b). Members of civil society are not only independent and individually responsible for



their own actions but also are constrained by collective solidarity (1998a). In this way, civil society is generated from collectivism as well as individualization (1997b). Solidarity “affirms the sanctity of the individual and these individuals’ obligations to the collectivity” (Alexander, 1997b, p. 115). At the same time, it implies that civil society is a place where ‘abstract universalism and particularistic versions of community are tensely intertwined’ (Alexander, 1992a, p. 289).

As such, every person is potentially a member of civil society as well as a participant in various institutions. Alexander calls this a form of “dual citizenship” (1997b, p. 129). All institutions are linked both to personal experience and to the values of other spheres;

Persons can be members of civil society and participants in differentiated social institutions at the same time. When people participate in the corporation, the state, the church and the family, if they are citizens they do so also as members of a civil society. Because of such dual membership, participants in these discrete and more particularistic institutions are connected to persons, experiences, norms and sanctions outside of their specific spheres. (1997b, p. 129).

Even though groups can be excluded or marginalized from institutions, they may gain incorporation and recognition in the public sphere through their potential membership in civil society. The institutions and their decisions are informed by a specific set of codes. (Alexander & Smith, 1993, p. 161). These symbolic codes provide structured criteria about inclusion and exclusion (1992a). Thus, Alexander insists that to understand the structure of civil society, it is important to find out the symbolic structure of the applicable codes. In this regard, the structure of civil society also depends upon a cultural structure.

In addition, citizenship theory also gives some insights into the mechanism of how modern societies can institutionalize the status of citizen within the societal community. Marshall's citizenship theory is important in the sense that it shows that the main component of modern status systems involves certain equalities rather than inequalities associated with older status orders (Lockwood, 1974, p. 364).

Lockwood further elaborated the concepts of citizenship by arguing that citizenship is the generalisation of status from an ascriptive form to a universalistic form. According to Lockwood (1974), Marshall's idea of citizenship made a significant advance in terms of the treatment of class conflict and anomic disorder as developed in the writing of Weber and Durkheim. Lockwood points out that Marshall succeeded in two senses. First, Marshall shows that "the most distinctive property of modern status system entails certain equalities and the development of these citizenship rights forms the historical context in which class relations and the other forms of status discrimination have to be located" (1974, pp. 364-5). Thus, Marshall could illustrate "how the process of the dissolution and reconstitution of the status order is related to changes in economic power and class formation," which Weber could not explain (p. 366). Second, as Marshall asserts that "the source of solidarities is integrated in the structure and ideology of citizenship", the concept of citizenship gives an answer to the Durkheim's question: what is the main component of the organic solidarity of modern societies (1974, p. 365). For Lockwood, citizenship stresses "equality of condition" and thus is situated "in the direct opposition to class and market forces" (Rose, 1996, p. 389).

In this context, Lockwood (1996) tries to get an answer to "the questions of how inequalities of class and status affect the institutionalization of citizenship and thereby its integrative function". Lockwood argues;

At the most abstract level the unity and coherence of market, bureaucratic, and citizenship relations is to be found in the manner in which they combine to create a social universe of individual actors who are subject to impersonal rules which at the same time legitimate both the inequalities in the rewards attaching to (principally occupational) positions and the allocation of individuals to these positions. ... The way in which civil and political citizenship equalizes status is complemented by the tendency of bureaucracies also to 'level' – by impersonal rule application – those they administer; and the very same principles are reproduced in the civil rights defining the formally free and equal status of parties to contractual market relations (Lockwood, 1996, pp. 534-5).

He argues further that “much of the legitimating effect of an equal status of citizenship stems from the role of bureaucracies that oversee the inequalities and rewards attaching both to occupational positions and to the delivery of citizenship rights, by the application of impersonal rules (as through the tax and welfare system)” (Morris, 2006, p. 80).

Lockwood suggests two key axes of inequality; the existence, or the lack, of rights, and the possession of moral and material resources. Based on these two axes of inequalities, he elaborates four main types of 'civic stratification'; civic exclusion, civic deficit, civic gain, and civic expansion (1996, pp. 536-543). “Civic gain and deficit refers to the enhanced or impaired implementation of rights, civic exclusion refers to the formal denial of rights, while expansion may refer to either the expanding claims of particular groups, or the expanding terrain of rights more generally” (Morris, 2006, p. 81). The different types of stratification are classified “through their different capacities to exercise various rights, their social categorization by the rights themselves and by their motivation to extend and enlarge them” (Lockwood, 1996, p. 547).

Parsons was himself sympathetic to T. H. Marshall's analysis of rights of citizenship. However, its later elaboration by Lockwood develops a typology of status inequalities that has direct connections with Jeffrey C. Alexander's 'post-Parsonsian' account of civil society and, especially, his idea of 'civic repair'.

#### 1.3.1.2. Multiple spheres, modes of incorporation in civil society

In his later works, Jeffrey C. Alexander has elaborated a more complicated model of civil society bounded by non-civil spheres. He recognizes that "in a plural and differentiated society, there will always be multiple and fundamentally different spheres of culture and practice – market economies; private families; scientific institutions; minority sexual, racial, and ethnic communities" (Alexander, 2001, p. 374). He states that the components of civil sphere form contradictory relations with the non-civil domains that surround the civil sphere. He calls them boundary relations:

In my model, I call these the "boundary relations" between civil and noncivil spheres, and I believe that they have assumed three ideal-typical forms. The activities of noncivil spheres can be seen as providing "facilitating inputs" to the civil sphere or as presenting "destructive intrusions" into it. In the former case, the existing boundary relations between civil and noncivil spheres will be left intact. In the latter case, by contrast, the norms and practices of the noncivil sphere will be criticized on the grounds that they endanger the integrity of the civil sphere. It is this construction that stimulates the third possible boundary relation, which is the actively reconstructive route of "civic repair." Through communicative, legal, and organizational intervention, the offending practices, whether sexism, racism, or economic

exploitation, are symbolically polluted and reconstructed to one degree or another (Alexander, 2001, p. 375).

As civil societies are often contradictory and fragmented, the possibility of civil repair can be created (Alexander, 2006a, p. 7). Jeffrey C. Alexander asserts that divisions within society can be reconstructed with the idea of civil solidarity which can be broadened through the process of civil repair. According to him, for instance, the civil rights and feminist movements are not for the special interests of racial and gender groups but for the reconstruction of social solidarity, for its expansion and repair (Alexander, 2006a, p. 7).

#### 1.3.1.3. The relative autonomy of culture: “Discourse of civil society”

As mentioned above, Jeffrey C. Alexander argues that the structure of symbolic codes is really significant in constructing “the very sense of civil society for those who are within and without” (1992a, p. 290). He suggests that these symbolic codes, which are constructed in the ideals of democracy and democratic association, may be characterized as the binary normative codes of the sacred and profane. These codes are used to formulate a “discourse of civil society”, where civil society is composed of actors, relationships between actors, and institutions (Alexander & Smith, 1993). In the case of the United States’ civil society, Alexander & Smith classify the codes into democratic code and counter-democratic code; while the democratic code consists of the discourse of liberty, the counter-democratic code compromises the discourse of repression. Actors can use these codes to divide people into inclusion and exclusion, namely those who deserve the right (citizen) and those who do not (enemy). As such, the conceptualization of the discourse of civil society in the United States

outlines the structure of discourse, based on a classification of democratic versus counter-democratic codes arranged in binary form (Alexander & Smith, 1993).

Meanwhile, “civil society membership is defined in terms of certain ‘timeless’ qualities of personal motivation, social relationship, and group organization” (Alexander & Jacobs, 1998, p. 24). Accordingly, the binary discourse can be postulated at three levels: the social motives, social relationships and social institutions (Alexander, 1992a; 2006b; Alexander & Smith, 1993). As shown in Table 1-1, these three sets of discursive structures are linked together. According to Alexander and Smith’s elaboration (1993, pp. 161-167), the code of liberty assumes that democratically minded persons are symbolically constructed as rational, reasonable, calm and realistic in their decision making, and are regarded as being inspired by conscience and a sense of honour. At the same time, the qualities of a democratic personality are shaped as those which allow open, trusting, and straightforward relationships. In contrast, anti-democratically minded persons are not only aroused by pathological greed and self-interest but also they are assumed to tend to make irrational and unrealistic decisions. Counter-democratic persons are associated with secretive, conspiratorial dealings in which deceit and Machiavellian calculation play an important role.

This discursive structure of motives and civil relationships spreads out to the social, political and economical institutions. For instance, if members of the community are irrational in motivation and suspicious in their social relationships, they are assumed to create institutions that are arbitrary rather than rule governed, that use brute power rather than law, and that exercise hierarchy over equality. Such institutions are inclined to be exclusive rather than inclusive and to support personal loyalty over impersonal and contractual obligations.

**Table 1-1 Binary Discourse of Civil Society**

<b>The Discursive Structure of Social Motives</b>	
<b>Democratic Code</b>	<b>Counter-democratic Code</b>
Active	Passive
Autonomous	Dependent
Rational	Irrational
Reasonable	Hysterical
Calm	Excitable
Controlled	Wild-passionate
Realistic	Distorted
Sane	Mad
<b>The Discursive Structure of Social Relationship</b>	
<b>Democratic Code</b>	<b>Counter-democratic Code</b>
Open	Secretive
Trusting	Suspicious
Critical	Deferential
Honourable	Self-interested
Altruistic	Greedy
Truthful	Deceitful
Straightforward	Calculating
Deliberative	Conspiratorial
Friendly	Antagonistic
<b>The Discursive Structure of Social Institutions</b>	
<b>Democratic Code</b>	<b>Counter-democratic Code</b>
Rule regulated	Arbitrary
Law	Power
Equality	Hierarchy
Inclusive	Exclusive
Impersonal	Personal
Contracts	Bonds of loyalty
Groups	Factions
Office	Personality

- Sources: (Alexander, 1992a, pp. 293-5; 2001, p. 373; Alexander & Smith, 1993, pp. 162-3).

In the framework, the structured binary codes instruct action and speech in civil society. In other words, symbolic actions in civil society rely on the application of the code of liberty. At the same time, the codes provide “the structural categories of pure and impure into which every member, of civil society is made to fit” (Alexander, 1992a, p. 290). The unique set of codes is used to inform the institutions of civil society, and their decision (Alexander & Smith, 1993, p. 161). Civil society has its own institutions, such as “parliaments, courts, voluntary associations and the media,” which supply “the forum in which crises problems are resolved” (Alexander & Smith, 1993, p. 161). Thus, the codes in civil society can be noticed most distinctly in times of crises when civil society struggles to remove threatening elements.

For instance, according to the case study of the crisis around Watergate, both opponents and supporters of Nixon brought out the same symbolic codes to persuade the American public for different purposes. During the debates, opponents tried to connect Nixon to the profane and counter-democratic part by stressing his motivation: he was irrational, self-directed, and greedy, which cannot go with the democratic ideals. Nixon’s supporters attempted to link him to the sacred, democratic elements. They tried to highlight his patriotic motivation and the importance of the stability of the president’s office (Alexander, 1988a; Baiocchi, 2006, p. 288).

In addition, the symbolic codes tend to be shown clearly in the symbolic practices of the mass media. Alexander stresses the importance of the media where the symbolic practice of discourse of civil society can be revealed. Following Parsons’ recognition (1971) that “civil society is a sphere of influence and commitment, mediated through public opinion,” he insists that the media plays an important role for “public influence, identity and solidarity”



(Alexander & Jacobs, 1998, p. 26). Through empirical researches (1988a; 1993; Alexander & Jacobs, 1998), he has shown how the media is involved in the construction of common identities and universalistic solidarities.

While the precise meaning of civil society is far from settled, one thing is certain: the mass media has an extraordinary impact on its forms and functions. While organizational structures are essential, the “currency” of civil society is influence and commitment, in the form of a symbolically powerful public opinion. Because most theories of civil society focus primarily on its boundary relations – its autonomy from the state and economy, and powerful regulative institutions, such as law, which draw these boundaries in a sanctioned way – they fail to consider how civil society works as a communicative space for the imaginative construction and reconstruction of more diffuse, but equally important, collective identities and solidarities (Alexander & Jacobs, 1998, p. 23)

As such, he points out that the communicative institutions of civil society are composed in part by the mass media. Furthermore, he emphasizes that mass media institutions not only respond to opinion but also structure and change it. For instance, he notes that public polls are regarded as an instrument by which to measure public opinion in a scientific way, but actually public opinion is also constructed by mass media institutions in a palpable way (Alexander, 2006a, p. 5).

### **1.3.2. Multicultural understanding of political culture**

One way to extend the framework which recognizes civil society as an area of solidarity is to consider whether this framework is applicable to the different societies from the American civil society which Alexander analyzes. Another way is to investigate how to understand the

tension of codes coming from multiple discourses and multiple civil spheres which constitute civil society. First, some researches which have investigated the possibility of application of Alexander's framework to different societies are reviewed. Then, some studies on the working of different codes in multiple civil spheres are described.

#### 1.3.2.1. The extension of the framework of "discourse of civil society"

As discussed above, Alexander's studies on the cultural structure of civil society have concentrated on the American society. However, he also recognizes that there are different forms of symbolic structures according to other nations and traditions (Alexander, 1992a; Baiocchi, 2006, p. 289).

Many different historical movements contributed to the emergence of democratic discourse and practice and that, indeed, each is responsible for the particular emphasis, constructions, and metaphors that make every national and even regional configuration of democracy unique (Alexander, 1992a, p. 301).

He also states that the symbolic structure from different nations can generate "the historical residue of diverse movements in social, intellectual, and religious life" (Alexander, 1992a, p. 291). However, although Alexander clearly indicates the diversity of national backgrounds and the different symbolic structure's effect on the various movements, the most important is the generalized symbolic system:

The cultural implications of these variegated movements have been drawn into a highly generalized symbolic system that divides civic virtue from civic vice in a remarkably stable

and consistent way. It is for this reason that, despite divergent historical roots and variations in national elaborations, the language that forms the cultural core of civil society can be isolated as a general structure and studied as a relatively autonomous symbolic form (Alexander, 1992a, p. 291).

It may be illuminating to examine the possibility that the framework of the “discourse of civil society” is applicable in different historical backgrounds in two ways; first, by investigating how different political situations or events can be understood with the same logic of democracy, second, by clarifying whether political changes in different countries with different historical tradition can be explained in the tradition of codes.

Philip Smith’s researches about war (1991) and fascist and communist societies (1998) are good illustrations of how the framework of discourse of civil society can be extended in a different political situation. In the study on war, he illustrates that war which seems very instrumental is also a ritual process at the cultural level. In this regard, he tries to demonstrate how culture operates in specific, concrete historical sequences<sup>6</sup>. Smith explains that in the case of the Falklands War, the demand for this cluster of values which could correspond to a “civil religion” made the war possible. Specifically, he interprets that British society recognized the invasion of the Falklands as a threat to certain key values of society rather than a threat to economic and geographic interests (Smith, 1991, p. 114). Furthermore, he finds a similarity between the codes which the rhetoric used in 1982 and those deployed in the Second World War. As a result, he concludes that “whatever its origins, it would appear not only that the Falklands rhetoric is founded upon cultural structures with a long tradition, but also that it provides strong evidence of a continuing trend of secularization, rationalization,

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<sup>6</sup> Even though he stresses the importance of cultural structure to develop a theory of war, he designates that this is for compensation of the economic and political explanation of war.

and generalization in the content of wartime ideologies in Britain (Smith, 1991, p. 128).” As such, to specify the war as ritual in concrete historical sequences, he uses an analogically organized code which defines sacred and profane elements (Smith, 1991, p. 132).

While the above research about war aims to explain how seemingly rational incidents like war can be understood by the cultural dimension, the subsequent research comparing the discourse of Fascism, Communism, and Democracy attempts to demonstrate how much civil society discourse in democratic society is similar to the dichotomous cultural structures of the fascist and communist movements (Smith, 1998). He shows that a similar civil society discourse can be used for all three political systems, despite some semiotic inversions in communist codes and fascist codes and a slightly different emphasis in some binary pairs (Smith, 1998, p. 119).

Second, many studies in this tradition have elaborated the forms of discourse by exploring how the framework of discourse of civil society is applicable to different nations with different traditions and political situations. A symbolic framework relating to the discourse of civil society has been used as a tool to understand how the transition to democracy can be successful. A study by Edles (1995), for example, analyzes the Spanish transition to democracy and finds that its success was accomplished by the fact that a democratic, symbolic framework not only came to emerge but was also sustained during the Spanish transition. He explains that Spanish elites worked to ritualize the shared symbolic framework in which civil war was symbolically evil opposed to sacred democracy and national reconciliation. He notes that the newly emerging Spanish press also tried to educate people in a democratic way and as a result the symbolic framework of democracy and reconciliation could be sustained during institutionalizing democracy (Edles, 1995, pp. 372-3).

Baiocchi's research (2006) about Brazil's transition to democracy is another case which explains political crises in civil society within the "civil religion" tradition. Baiocchi shows the usefulness of the codes approach by two case studies of national crises and debate in Brazil during its transition to democracy. In the national debate on crime and violence of the late 1970s before transition to democracy, he shows that the non-individualist corporate code was dominant in Brazil. However, he finds that the dominant discourse became based on the liberal code in a later national debate on corruption in 1990s (Baiocchi, 2006, pp. 305-6).

From the East Asian context, Ku (2001) argues that the cultural dimension can help to explain the democratic struggles from the vantage point of the public sphere in the case study of a credibility crisis in Hong Kong, which she called a capitalist, yet under-democratic (or partially democratic) non-Western society. In this study, she proposes that "the 'public' would constitute a meeting point for the discourse of community and the discourse of democracy, discourses which the hegemonic groups and the challenging forces could draw upon and rearticulate in political struggle (2001, p. 123)."

#### 1.3.2.2. Tension of codes from multiple discourses and multiple civil spheres

Some research has investigated multiple discourses and multiple codes within civil society. Alexander (2001) suggests that multiple and different spheres of cultures and practices would exist in a plural and differentiated society. He also refers to "market economies, private families, scientific institutions, minority sexual, racial, and ethnic communities (2001, p. 374)" as different public spheres. Many studies (Baiocchi, 2006; Jacobs, 1996; 1998; Ku, 2000; 2001; Rabinovitch, 2001; Swidler, 1986) have elaborated on the framework of "discourse of civil society" to find out the multiple discourses and multiple public spheres which constitute

civil society. They can be categorized into two groups. One group has tried to explain the possibility of different civil spheres in a specific society. The other has attempted to show the tension of codes from the multiple discourses.

Regarding the first group, Ronald Jacobs (1996a; 1998) shows the racial discourse of civil society. He makes a significant contribution to the theory by demonstrating how the dichotomizing semiotic structure of civil society enables it to accept a racialised form. In the study of the Rodney King crisis and its interpretation by the *Los Angeles Times* and *Los Angeles Sentinel*, he (1996a) presents how the cultural construction of social problems in civil society appear in multiple media which are connected with different communities of discourse. At the same time, he shows that both meaning and outcomes of the crisis are determined by the interaction between events and their narrative understandings. In a later study (Jacobs, 1998), he analyzes the principle African-American and white majority newspapers in Los Angeles during the civil disturbances in the city's south central area during 1960s and 1990s. In this way, he proposes that the binary form of democratic and antidemocratic discourse provide a model which can explain the dynamics of the severe struggle for hegemony and legitimation that was secured between police, politicians, community groups, and communicative institutions during the crisis periods (Alexander, 1998b, p. 15). Through these researches, he demonstrates that "the history of racial exclusion and its narrative employment into the multiple public spheres of civil society, combined with the continued demand of excluded groups for the inclusion promised to them by the utopian discourse of civil society, creates a 'racial discourse of civil society' (Jacobs, 1998, p. 157)." In this way, he contributes to establish a theory explaining the multiple publics which make up civil society.

As for the second group, some studies have shown the tension of codes from the multiple discourses. Rabinovitch (2001), for example, shows that a discourse of compassion or affection was the main symbolic structure in the female-led, maternally themed social movements of nineteenth century America. He suggests that a discourse of affection and compassion plays the same role as “the discourse of civil society” for women in the nineteenth century to gain a systemic integration into American public sphere. Furthermore, it is suggested that these two universal discourses may remain incompatible and the tensions between the discourse of liberty and that of affection are intrinsic and systemic (Rabinovitch, 2001, p. 367).

These tensions between different codes might be obvious in less developed civil societies, particularly during the political transition period. As Swidler (1986) asserts, although in the settled period, culture seems to shape action only in that the cultural repertoire limits the accessible range of strategies of action, in the unsettled period, not only is cultural meaning more highly articulated and explicit but also belief and ritual practice directly build action for the community that attach to a given ideology (p. 284). In the case study of before and after political transition to democracy in Brazil, Baiocchi (2006) demonstrates that there are two groups of actors: some are those who support “the code of liberty and its valuation of the freestanding citizen” and others are those who defend “the corporate code and its valuation of the collectivity over the individual” (p. 285). He documents that in political crises, actors try to draw upon two different but interrelated codes and at the same time, they attempt to establish one or another as dominant. Furthermore, he finds out that while the liberal code has been more powerful in public voices since the 1990s, namely the period of transition to democracy, corporate codes have not disappeared and remain as an influential residual legacy (Baiocchi, 2006, p. 306). Ku (2000; 2001) also proposes a case of civil sphere in which two

sets of discourses exist in the studies of post-colonial Hong Kong. She describes that there are two sets of discourses, namely discourse of community and that of democracy, which are analytically distinct but overlap with each other in empirical situations (Ku, 2000, p. 234; 2001, p. 123). On the basis of this point of view, she (2001) explains the transition of Hong Kong as competing and changing interpretations of the public by offering specification of two analytically distinct codes of discourse.

In summary, from the above studies, the following implications can be drawn: 1) the tension among different codes may be more apparent in less established civil society 2) in political crises, the different codes in civil society may be competing 3) less-effective codes may not disappear and remain within civil society where they continue to have some influence.

#### **1.4. Networked societal community: Manuel Castells**

How is civil society changing in the post-industrial or information age? Through major works from the late 1990s, Manuel Castells has made significant contributions to the understanding of the changes associated with the coming of the Information Age: his three volumes -*The Information Age: Economy, Society and Culture - The Rise of the Network Society* (1996), *The Power of identity* (2004c) and *End of Millennium* (1998) – cover all issues concerning changes in the Information Age. In his later work *The Internet Galaxy* (2001), in addition, he demonstrates how the Internet, which he called “a technology of communication (p. 5)”, contributes to the changes of our society and what we can do by transforming the Internet<sup>7</sup>.

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<sup>7</sup> Castells maintains that not only does “the Internet transform the way in which we communicate” and “our lives are deeply affected by this new communication technology”, but also “by doing many things with the Internet, we transform the Internet itself (2001, p. 5).”



Through all these works, he provides an important conceptual framework to understand the Information Age.

According to his analysis on the characteristics of civil society in the information age, the new type of society brought by the rapid development of information technology can be understood as a networked societal community. The characteristics of networked society in the information age can be identified within the idea of societal community. For example, Parsons' assertion that "the prototype of an association is the societal community itself, considered as a corporate body of the citizens holding primarily consensual relations to its normative order" (1971, p. 24) is still valid in the networked society as described by Castells. Castells asserts that in the network society, the new type of communication is marked by its inclusiveness and comprehensiveness of all cultural expressions (1996, p. 374) and the development of the Internet has a significant role in the expansion of networked individualism as the dominant form of sociability (2001, pp. 130-1). In addition, persons in the network have dual membership of different institutions, which, as Alexander points out, implies that "persons can be members of civil society and participants in differentiated social institutions at the same time" (1997, p. 129). Thus, Castells' network society would be another name for the societal community in an information society. In the information age, the development of networked modernity can be recognized by the establishment of networked societal community located in the system of the information society.

In this regard, to recognize the features of networked societal community, Castells' theory of the network society and the Internet as the material support for the networked individualism needs to be discussed. In addition, the new social movements in the Information Age that Castells proposes will be discussed.

#### **1.4.1. The network society and the Internet as the material support for networked individualism**

Castells' viewpoint about change of recent society is well represented in his following description.

We are indeed living in a period of historical transformation. In my analysis, this process involves the interaction of three features that, though distinct, are related to each other. The first is the revolution in information technology that started in the 1970s and then expanded all over the world. The second is the process of globalisation, which incidentally is not only economic. There has also been globalisation of the media, as well as cultural and political globalisation, etc. The third feature is the emergence of a new form of organization that I call networking. This is not just any kind of networking, but the specific kind of power networking that works through information technology. This power networking is changing the way we perceive, organise, manage, produce, consume, fight and counter-fight – embracing practically all dimensions of social life. The interaction between the revolution in information technology, the process of globalization, and the emergence of networking as the predominant social form of organisation constitutes a new social structure: the network society (Castells, 2002, p. 548).

He suggests three driving forces behind the network society as a new social structure; the development of information technology, the globalization which is processing in economic, cultural, political and the media, and the emergence of power networking.

In particular, from his early work, he stresses the importance of the network around which the dominant functions and processes in the Information Age are organized. He asserts that “networks constitute the new social morphology of our societies, and the diffusion of networking logic substantially modifies the operation and outcomes in processes of production, experience, power, and culture” (1996, p. 469). He defines a network as “a set of interconnected nodes”. Accordingly, the distance between social positions in a network is shorter than those which are not part of the network (p. 470). Furthermore, the characteristics of networks, such as open structures, limitless expandability and adaptability, tend to promote the dynamics, the openness and the innovations of a network-based society (p. 470).

Also, Castells stresses the importance of the relationship between network and culture. He insists that the processes of social transformation which are emerging in the network society affect culture and power by going beyond the relationship of production. Moreover, he suggests that technologies transform culture through change in the mode of communication.

Cultural expressions are abstracted from history and geography, and become predominantly mediated by electronic communication networks that interact with the audience and by the audience in a diversity of codes and values, ultimately subsumed in a digitized, audiovisual hypertext (Castells, 1996, p. 476).

He explains that the new system of communication, which is based in the digitized, networked integration of multiple communication modes, is marked by its inclusiveness and comprehensiveness of all cultural expressions (1996, p. 374). Along this line, he asserts that “the inclusion of most cultural expressions within the integrated communication system based in digitized electronic production, distribution, and exchange of signals, has major consequences for social forms and processes” (p. 374). For example, the inclusion of cultural

expressions within the communication system reduces the symbolic power of traditional senders. At the same time, as the new communication system changes the meaning of space and time, “*the space of flows and timeless time* become the material foundations of a new culture that transcends and includes the diversity of historically transmitted systems of representation” (pp. 374-5). In summary, he explains that the main factor of social organization is information and social structure is established on the basis of flows of messages and images between networks, namely symbolic communication. As such, the Information Age is distinguished by the autonomy of culture (pp. 477-8).

In terms of social relationships, Castells (2001) emphasizes the rise of individualism<sup>8</sup> as the major trend in societies; ‘new pattern of sociability in our societies is characterized by networked individualism’ (p. 129). In other words, he maintains that social relationships are centred on individuals. He explains that this individualized relationship to society is caused by the individualisation of the relationship between capital and labour, the crisis of patriarchalism, the new patterns of urbanization, the crisis of political legitimacy and the Internet. In particular, he insists that the development of the Internet has a significant role in the expansion of networked individualism as the dominant form of sociability (2001, pp. 130-1). In other words, the networked individualism emerges as “the synthesis between the affirmation of an individual-centred culture, and the need and desire for sharing and co-experiencing” (2004b, p.223). He explains that on-line social interaction not only increasingly takes part in social organization but also the development of a communication hybrid cause both physical place and cyber place to function as the material support of networked individualism (2001, p. 131). The online networks become the forms of social interactions (p.

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<sup>8</sup> He also explains the cultural point of the individualism emerging in our society as follows: ‘it is cultural in the sense of material culture; that is, a system of values and beliefs informing behaviour that is rooted in the material conditions of work and livelihood in our societies’ (Castells, 2001, p. 129).

132). In summary, Castells points out that ‘individuals are in fact reconstructing the pattern of social interaction, with the help of new technological affordances, to create a new form of society: the network society’ (p. 133).

#### **1.4.2. Social movements in the Information Age**

In the second volume of his trilogy, *The Information Age* ([1997] 2004), Castells investigates “the contradictory relationship between a new global social structure – network society – and resistance to the forms of domination implicit in this social structure” (2004c, p. xv). The main focus is placed on the social movements, which he (2004c) defines as “purposive collective actions whose outcome, in victory as in defeat, transforms the values and institutions of society” (p. 3) and “which provide people with central elements of their identity” (Webster, 2006, p. 109). In other words, he explores the question of how identities can be formed when traditions are threatened by the globalising trend of the network society (Webster, 2006, p. 109). He addresses, for instance, that while the social movements are very different and have diverse social and cultural bases, “they all challenge current processes of globalization, on behalf of their constructed identities, in some instances claiming to represent the interests of their country, or of the humankind as well” (2004c, p. 166).

He shows that globalization is a big challenge to the nation-state. “The more the states emphasize communalism, the less effective they become as co-agents in the global system of shared power. The more they triumph on a planetary scene, the less they represent their national constituencies” (2004c, p. 366).

After a decade of development of a new, global economy and of the decline of the nation-state in its transitions to institutions of global governance, societies around the world have claimed their right to assert control over the emerging institutions. What started as resistance, based on identity, and preservation of the economic status quo, evolved into a multiplicity of projects, in which cultural identity, economic interests, and political strategies have combined in an increasingly complex pattern: the canvas of social movements in the networked society. ... the transformation of this rejection into the reconstruction of new forms of social control over new forms of capitalism, globalized and informationalized, requires the processing of social movements' demands by the political system and the institutions of the state. The ability, or inability, of the state to cope with the conflicting logics of global capitalism, identity-based social movements, defensive movements of workers and consumers, and alternative projects of globalization, will largely condition the society of the twenty-first century (Castells, 2004c, pp. 166-7).

“The nation-state not only loses its ability to integrate its own constituency, but also the policy process disappears into an increasingly abstract arena of international organizations” (Stalder, 1998, p. 305). It indicates that globalization potentially causes a crisis for political liberal democracy. The traditional institutions of democracy are captured in a fundamental contradiction (Stalder, 1998, p. 305).

In this globalizing situation, Castells (2004c, p. 163) suggests that cultural communes as collective identities play an important role: “for those social actors excluded from or resisting the individualization of identity attached to life in the global networks of power and wealth, cultural communes of religious, national, or territorial foundation seem to provide the main alternative for the construction of meaning in our society”. He shows, for example, that feminist and sexual identity movements cause a decrease of patriarchy which is “a founding

structure of all contemporary society” (p. 192) and challenge heterosexuality as a hegemonic norm. Furthermore he maintains that the process of transformation of personality resulted from the change of family structure and of sexual norms represents “how the interaction between structural change and social movements transforms us” (p. 196). As Stalder (2006) explains, for Castells, the revival of social movements not only transform culture, in the sense of codes of behaviour and embedded values, but also helps to ‘figure out’ the network society by developing new social values and institutions as self-defined interpretations of overall social development (p. 201).

Regarding social movements which have emerged in the Information Age, Castells points out their three main features (2001, pp. 140-3). First, social movements in the Information Age are organized around cultural values. Second, “social movement in the Information Age have to fill the gap left by the crisis of vertically integrated organizations inherited from the industrial era” (p. 140). While the role of mass political parties, trade unions and formal civic associations are waning, the emotional movement triggered by media or a major crisis and the Internet’s role as the essential medium of expression and organization are likely to be important. The reason is that “these are movements to seize the power of the mind, not state power” (p. 141). Third, social movements tend to be globalized. The need for constructing global coalitions and dependence upon global information networks causes the movements to rely on the Internet (p. 143).

As such, Castells (2001) recognizes the Internet as a vehicle that fits with the basic features of these kinds of social movements. In other words, in the sense that the Internet is not only a communication medium like the pubs but also a network like the factory (2001, p. 139), he maintains that the Internet is an important component of social movements emerging in the

network society. Furthermore, he suggests that the internet is a good tool to strengthen democracy. As the Internet provides a horizontal, non-controlled, cheap communication channel, people, such as journalists, political activists and so on, are able to use the Internet as a medium to spread political information and rumours and possibly to deepen the crisis of political legitimacy by supplying a place for the politics of scandal. Furthermore, the Internet can transform the political dimension of people's lives. Castells suggests, for example, that the Internet is able to contribute to democratisation because it can provide a public agora to express citizen rights and to communicate human values (2001, pp. 164-5).

## **1.5. Conclusion**

The above discussion shows i) Parsons conceptualizes societal community as a distinctive component of modernity, ii) T. H. Marshall's citizenship model provides one of bases of Parsons' societal community in terms of analysing the sufficient foundations of solidarity and iii) Castells' network society gives a significant insight to understanding post-industrial society within the idea of societal community, suggesting networked society community.

Parsons, influenced by Durkheim and Weber, tried to synthesize classical sociology within the idea of modernity. He attempted to show how a differentiated society can be successfully integrated and all subsystems of the society play their functional part in the system of modernity. Furthermore, he tried to synthesize the normative claims of tradition with those of modernity. For Parsons, the development of modernity can be recognized by the establishment of a societal community located in the system of modern society. He maintained that the societal community, which is differentiated from the economy, the polity, and the cultural sphere, is the integrative subsystem of society. In addition, the integration of



differential social systems is accomplished by institutionalizing cultural values as norms that are socially accepted and applied. Thus, the societal community can be regarded as a distinctive component of the system of modernity. The establishment of the system of modern society brings out the mature modernity. This mature modernity has been seen in post-industrial and information society as well as in the industrial society. In the information age, the societal community can be understood as a network and mature modernity can also be recognized as networked modernity.

On the basis of Parsons' societal community, Alexander introduces the conception of social solidarity to a civil society approach. He (1998a) asserts that members of civil society are not only independent and individually responsible for their actions but also are constrained by collective solidarity. Thus, every person is a member of civil society as well as a participant in various institutions, which is a form of 'dual citizenship'. Furthermore, Alexander asserts that the division of society can be reconstructed with the idea of civil solidarity which can be broadened through the process of civil repair. Through discussions on civil society as a sphere of solidarity, he suggests that the structure of civil society depends upon a cultural structure. Hence, for Alexander, the starting point to understand the structure of civil society is to find out the symbolic structure of codes. It leads to the framework where members of civil society participate in binary discourses of good and evil, which gives them a feeling of membership.

Following this sociological tradition, many studies in the late-Durkheimian perspectives have elaborated the relationship between political culture and civil society in the tradition of codes. Broadly speaking, they have developed the framework to explain different societies with various historical backgrounds in two ways. On the one hand, with a single code, namely democracy, they have investigated how different political situations or events can be

understood. In addition, they have attempted to clarify whether political changes in different countries with different historical traditions can be explained. On the other hand, multiple codes and multiple discourses in civil society have been studied. These researches have explored not only the possibility of multiple discourses and multiple spheres but also the tensions of codes from multiple discourses. According to above studies, the following implications can be drawn: the tension of different codes is more apparent in less established civil society; in political crises, the different codes in civil society are competing and trying to get superior position; less-effective codes do not disappear and remain inside of civil society.

In addition, Castells' theory of network society gives significant insight to understanding post-industrial society within the idea of societal community. Castells asserts that in the network society, individuals are reconstructing the pattern of social interaction with the help of new technologies. Also, the Internet is used as a medium to spread political information and rumours and possibly to deepen the crisis of political legitimacy. As such, the Internet can transform the political dimension of people's lives by contributing to democratisation. In the information age, the development of networked modernity can be recognized by the establishment of networked societal community located in the system of information society: the network society which was caused by the development of information technology, the globalization and the emergence of power networking.

In conclusion, it can be suggested that the theme of civil society based on solidarity can be a useful tool not only to understand various types of society in terms of different political traditions, but also newly emerging information societies. Hence, the above discussion provides significant insight into South Korean civil society which is quite newly democratized and entering the Information Age.

## **Chapter Two**

### **SOUTH KOREA AND RECENT CHANGE**

## **2.1. Overview**

South Korea has experienced dramatic changes since the Second World War in terms of economic development through industrialisation, the success of democratisation, and the development of information technology. From 1945 to now, in the economic aspect, South Korean society has transformed not only from an agricultural society to an industrial society and then to an information society but also in the political aspect, from authoritarian governments associated with the military dictatorship to civilian governments as a result of the success of democratisation.

A good starting point for the understanding of the above transformation of South Korea may be a brief sketch of Korea's history since 1945. For convenience, the post Second World War period can be divided into three parts according to the significant events in both economic and political aspects: the pre-industrialisation period (1945-1960), industrialisation and authoritarian regime period (1961-1986) and democratisation and informatization period (1987-2007).

The distinctive features of the pre-industrialisation period (1945-1960) are liberation (1945), division (1948) and the Korean War (1950). After the Second World War, Korea was liberated from Japanese colonial rule with the collapse of Japanese imperialism. After liberation, Korea was divided into the Capitalist South and the Communist North by the occupation of Soviet and U.S. troops. Under the cold-war world system, Korea experienced the disastrous Korean War in 1950. These series of events produced influential anti-communism, underdevelopment and poverty, and a strong military group with political hegemony in South Korea.

The second period can be characterized by the military coup (1961), government-driven industrialisation (1962-1986), the assassination of the president and the military coup (1979). After the Korean War, the April 19 Student Uprising in 1960 against the authoritarian dictatorship caused the Syngman Rhee government (the First Republic) to fall. However, the May 16 military coup in 1961 and the military coup after the assassination of Park Chung Hee resulted in military dictatorship from 1961 to 1987. During the period of authoritarian regimes, export-led industrialisation strategies were adopted to establish the legitimacy of regime and were used as a political excuse for the postponement of democracy and suppression of civil society.

The characteristics of the last period can be summarized as the democratic movement (1987), the financial crisis (1997), and power transfer to a democratic reforming force (1997). The strong demands for direct presidential elections against the military regime spiked a huge democratic movement in 1987. With the trend of globalization, the reform to remove authoritarian legacies of military regimes was implemented by Kim Young-sam, the first civilian president after military regimes. At the same time, informatization was emphasized to improve national competitiveness in the globalization era. Furthermore, in 1997, the Asian financial crisis and the first transfer of power from the ruling party to the opposition party provided a new turning point to implement social and economic reforms, such as in labour sector and in conglomerates (*chaebol*), and to put high priority on informatization as a new engine of economic growth.

These changes connote the possibility of coexistence and conflict between authoritarian social values based on economic development and anti-communism and the values of democracy.

This conflict has been revealed in the controversies over various social issues and policies which have arisen during the last two decades. In this context, it can be suggested that the controversies over the information-related policies reflect conflicts between the industrial values and the democratic values.

Because this study aims to investigate information-related policies, the main focus is on the period from 1987. However, to understand the full picture of the origins of the conflicts between the different forces and the values of civil society in South Korea requires understanding of the industrial period ruled by the military dictatorship. Consequently, this chapter is organized as follows. Section 2 will summarize the change of politics in South Korea according to regime change since 1945 and will identify the characteristics of the regimes. At the same time, the response of civil society to the change of politics will be described. In section 3, the changes of political structure, economic structure and government policies will be presented. Section 4 will explain the interactions between informatization and civil society and discuss how to see the information-related policies.

## **2.2. Politics in South Korea in the post-war period**

### **2.2.1. The historical change of Korean governments**

Japan's defeat in the Second World War brought to Korea independence from the Japanese colonial regime (1910-1945). However, the cold-war world system did not allow the Korean people to establish an independent political system after liberation. Korea was occupied by Soviet Union and U.S. troops and divided along the thirty-eighth parallel as a part of U.S.'s post-war global strategy (Lowe, 1997, pp. 18-20; Cumings, 1983, pp. 11-16; Paul, 1983; Hart-

Landsberg, 1998, pp. 90-111). Jang-Jip Choi maintains that “By creating a separate regime in the South (the First Republic, 1948), the U.S. military government privileged the establishment of a capitalist market economy and an anti-Communist state over the establishment of a democratic political order” (1993, pp. 14-19). With the support of the U.S., the First Republic, the Syngman Rhee government, was established in 1948 in South Korea (Matray, 1985, pp. 135-150; Hart-Landsberg, 1998, pp. 81-87).

The most extreme case of confrontation in the cold war with the U.S. and the Soviet Union in Korea was the Korean War (1950-1953). Its legacy was huge. Most of all, apart from the heavily damaged economy, anti-communism permeated the South Korean psyche through the experience of the Korean War and it became a significant tool for the authoritarian governments to legitimize their ruling.

The president of the First Republic, Syngman Rhee’s scheme to prolong his rule through a fraudulent election made him resign the presidency as a result of the April 19 Student Uprising in 1960. The Second Republic (the Chang Myŏn government) which was established in April 1960 after the student uprising was unable to reconcile the conflicting demands from the Left and the Right (Haggard & Moon, 1993, pp. 64-65). The Second Republic was subverted by the May 16 military coup in 1961 led by Park Chung Hee.

After the power seizure of Park, repressive rule lasted for a quarter of a century in South Korea. During that period, government-led industrialisation could progress rapidly while democracy was delayed. The authoritarian government, which had its foundation in the division of the Korean peninsula, strongly promoted economic development. It was based on, what I shall call, the ‘development ideology’ that economic growth had to be achieved first,

rather than democracy. During the Park Chung Hee government, which was a strong authoritarian regime, the dictator tried to extend his presidency through the revision of the constitution and illegal campaigning, as well as oppressing people who opposed his policies. Due to this political condition, even though the dictatorial government succeeded to accomplish the economic development, there were constant pressures and conflicts which led to a strong demand for democracy in South Korean civil society.

The assassination of Park Jung Hee (26 October 1979) gave Korean society a period of political liberation, but the chance of democratisation disappeared with another military coup led by Chun Doo Whan (12 December 1979). The strong political confrontation between people who wished democratisation and the military regime was maintained during the Chun Doo Whan regime. Even though the Gwangju Democratisation Movement to reject the military rule resulted in massacre, the Chun Doo Whan regime suffered from weak legitimacy (Choi, 1993, pp. 35-36). From the Gwangju Democratisation Movement, the worker-student alliance (*Roh-hak yŏndae*) became a powerful force for challenging the regime. In this context, student activists began to move into the factories to set up connections with the labour movement. Furthermore, as Hagen Koo (2002, p. 40) maintains, economic development was one of causes of the growth of civil society as the wealth which was accumulated with the rapid industrialisation resulted in the expansion of middle class. This middle class gave an impetus for a mass campaign in 1987 to revise the constitution.

During the massive anti-government street protests, the death of a student after police torture and Chun's public declaration of opposition to the constitutional amendment caused middle class opinion to turn drastically against the regime (Choi, 1993, pp. 37-8). It was the big democratic movement in June 1987 that provided momentum for the breakdown of the long-



lasting authoritarian regime. Significant protests were held by students, a large number of white-collar workers and other citizens. Particularly, because an alliance of students, the opposition party and citizens demanded direct presidential voting, the military became divided and yielded to their demand in June 29<sup>th</sup> (Im H-B., 1994). As Sunhyuk Kim (1997, p. 1136) suggests, “most civil society groups regarded the June 29<sup>th</sup> announcement as a surrender statement from the ruling regime, a symbol of their long overdue victory.” Subsequently, two elections—the December 1987 presidential elections and the April 1988 National Assembly elections—were conducted.

Despite the success of the democratic movement, however, the result of the presidential election was the success of Roh Tae-woo, Chun’s chosen successor and former General, who was a presidential candidate of the *Minjeong* party (Democratic Justice Party), which was the ruling party of the military government. The biggest reason was the split up of the democratic forces. As the two major opposition figures, Kim Young-sam and Kim Dae-jung, ran for election, the opposition vote was divided and Roh Tae-woo could win the presidency with less than 37 percent of vote: the two Kims together received 54 percent of the vote with 27.5 percent for Kim Young-sam and 26.5 percent for Kim Dae-jung.

Although Roh Tae-woo was elected as president and inaugurated in February 1988, Roh’s regime struggled against strong opposition and did not attain strong ruling power. Civil society groups continued their anti-government movement and in the National Assembly elections held in April 1988, Roh’s ruling Democratic Justice Party took 125 seats, whereas the three major opposition parties won a total of 165<sup>9</sup>. The anti-government struggle of civil

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<sup>9</sup> The formation of a political configuration called *yŏso-yadae* (a small government party-large opposition party, or more commonly, a minority government) (Kim S. , 1997, p. 1137). The *yŏso yadae* composition of the Assembly in 1988 was: ruling Democratic Justice Party, 125 seats; Kim Dae-jung’s Party for Peace and

society in this period had two big agendas. One was that civil society could not accept Roh Tae-woo as a leader of democratic government because he was the person who was the greatest beneficiary of the past authoritarian regime as a close friend of Chun Doo Whan and an official successor of Chun. The other was the breakdown of unity between Kim Young-sam and Kim Dae-jung who were the most powerful leaders of the opposition Reunification Democratic Party. As mentioned before, the failure to present a single candidate in the presidential elections of December 1987 enabled Roh to win the president election and liberal forces in civil society were disappointed at the political settlement and prepared to confront both state and political society (Kim S. , 1997, pp. 1138-9).

In early 1990, the weakness of Roh's regime led to the political merger of Roh's Democratic Justice Party with two opposition parties, the Reunification Democratic Party led by Kim Young-sam and the New Democratic Republican Party led by Kim Jong Pil (Kim S. , 1997, p. 1140; Choi, 1995, pp. 187-99).

At the presidential election of December 1992, Kim Young-sam was elected as the first civilian president after 30 years military governments. However, Kim's success was based on the merger of political parties supported by authoritarian military forces and by one democratic party excluding the other democratic party. Thus, he only attained the presidency through the form of political defection, leaving the opposition and joining the ruling party. However, the regime had historical significance in that it was the first civilian government. At the early stage of the government, strong political and socioeconomic reforms<sup>10</sup>, the so called "New Korea" reform programmes, were implemented in 1993-94. Most civil society groups

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Democracy, 71 seats; Kim Young-sam's Reunification Democratic Party, 59 seats; and Kim Jong Pil's Democratic Republican Party (DRP), 35 seats (out of a total 299).

<sup>10</sup> To get more details of the reforms see Cha (1993).

suspected the government would not bring real democracy because it originated in collaboration with the authoritarian forces. However, the reforms to remove authoritarian legacies of past regimes were pursued under the name of making the government “gentle and clean”. Not only were corrupt practices of past authoritarian regimes dismantled, but also the previous two presidents, Chun Doo Whan and Roh Tae-woo were arrested for corruption. As a result, at the early stage, Kim Young-sam government gave new hope to South Korean people.

However, the government did not purge corruption from its ranks and a son of Kim Young-sam was involved in corruption and arrested. Furthermore, in the year 1997, South Korea experienced an exchange crisis and the International Monetary Fund (hereafter IMF) agreed to provide a \$57 billion loan to South Korea (Kim S. , 2007, p. 62). The IMF bailout and the corruption of inner circles made Kim Young-sam one of the most unpopular presidents in South Korean history. As the financial crisis was due to the problem of economic policies implemented by authoritarian regimes which can be summarized as developmentalism, Kim Dae-jung, who stood for the democratisation force, could win the presidency against the conservative force which represented the industrialisation force at the presidential election at the end of 1997.

It was only in 1997 – 10 years after the beginning of the transition to democracy – then, that Korea achieved its first transfer of power between the ruling and opposition parties. Although it was achieved through a coalition with the other conservative party, Kim Dae-jung became the first president elected from the opposition party in the history of the Republic. It was a significant turning point because Kim Dae-jung had been regarded as one of the most progressive politicians (Kim S. , 2007, p. 62).

During the period of the Kim Dae-jung government, the conflict between the conservative forces which represented the industrialisation interests and the liberal reform forces which stood for democratisation deepened. One of the reasons was that the power of the conservative force did not disappear and maintained power in the National Assembly based on regionalism. The conservative force used a strategy of opposition to most of the government's policies to neutralize the power of the presidency. Thus, contentious politics, so called 'the politic of confrontation', were structured into the political situation.

Despite the political difficulty, however, during the period of the Kim Dae-jung government, many systems were introduced to guarantee the rights of labour, civil rights and to improve the relationship with North Korea. The historic summit meeting between President Kim Dae-jung and Chairman Kim Jong-il in June 2000 promoted many projects between the South and the North. It could be interpreted as meaningful progress in that Korean society not only could escape the danger of war but also might overcome the strong sentiments of anti-communism.

Meanwhile, to recover from the economic crisis the government promoted the development of information technology. In other words, the growth of information communication industry and fast diffusion of communication network was achieved by the strong support of government.

During the presidential election in December 2002, Korean society had experienced the severe division between the conservative forces, that is to say the anti-communism industrial development forces, and the democratic-reform forces. However, the election ended with the dramatic success of the liberal reform force. It has been suggested that one of the biggest

reasons for the success was the diffusion of the Internet through the development of information technology, which caused the growth of new media on the Internet and participation of 20s and 30s' generations. The Roh Moo-hyun government was the first government attaining power by only democratic forces without any merging with parties or coalition. Also, at the National Assembly elections of 2004, the reform forces succeeded in acquiring the majority for the first time in Korean political history. However, during the period of Roh's government, the confrontation of the conservative forces and the reform forces persisted and the social conflict has been evident in most of the policies.

### **2.2.2. Authoritarianism versus democracy**

The previous explanation about the change of regimes shows that the authoritarian governments before 1987 in South Korea can be characterized as pro-capitalist development and anti-communist. At the same time, it can be suggested that such 'developmentalism' and anti-communism have been formulated and intensified by internal and external factors: the partition of Korea, the Korean War and U.S policy in the cold-war system. The authoritarian military forces in South Korea had constructed the ideologies of anti-communism for the purpose of seizure of power and regime maintenance. Regarding the anti-communist ideology, it has its origins in the national division under the cold-war world system. The ruling strategies of the military regime which captured power through the coup in 1961 were based on the division of the Korean Peninsula. In this context, the authoritarian force's need for acquiring legitimacy and the people's strong desire for the escape from poverty strengthened the ideology of development.

However, it is unique to Korea in the sense that Taiwan, which has a similar situation, does not have such an influential ideology. As mentioned above, the crucial contributor to reinforce the anti-communism ideology was the Korean War in 1950. Jang-Jip Choi (1993, p. 21) asserts that “with the Korean War, the South Korean state was converted from an extremely unstable and fragile anti-communist state into a powerful bureaucratic one ruled by an authoritarian regime which was supported by a military force.” He explains that the South Korean state based on anti-communism not only could get its legitimacy as long as the North Korean regime existed, but also could control the economic sector by receiving and allocating foreign aid which came to help the economy devastated by the War (1993, pp. 21-24). Consequently, anti-communism may be founded on the fact that Korea is not only divided into parts but also had experienced the war in which Korean people of the same ethnicity killed each other (Lee H.-S. , 2002, pp. 12-13).

The ideology of anti-communism which was used by the military regime to gain legitimacy and to maintain power could be operated owing to anti-communist consciousness that South Korean people had since the Korean War. As military regimes fixed the anti-communism and security as a national policy, the Anticommunist Law and the National Security Law were built up (31 December 1980) and the democratisation movement could be punished under the name of being in favour of communism. It can be noted that stress on anti-communism and security acted as the means for suppressing and cracking down on political dissidents in the political process (Jang, 2004). Through the consistent oppression and labelling by military regimes, democracy could be characterised as pro-communist.

Another influential role in strengthening the ideology of anti-communism can be found in the U.S. policy during the cold-war period. For instance, as well-described in the Kennedy

administration's modernization theory for the Third World, the U.S. foreign policy in the 1960s was that economic development could be one of the most efficient instruments against the threat of communism, particularly from internal disruption and subversion (Schlesinger Jr., 1965, pp. 516-7). It argued that economic progress could be effectively pursued by strong political leadership. Along these lines, U.S. policies with regard to South Korea put the first priority on being the protector of the anti-communist State rather than the promoter of democracy (Johnson, 2000, pp. 109-110; Im, 2006, p. 159). Even though the objectives of U.S. policies sometimes collided with those of authoritarian governments, their role in Korean anti-communism and developmentalism was pivotal not only because such ideologies provided the foundation for the maintenance of authoritarian regimes but also because their survival heavily depended on both U.S. military and economic aid (Kim Y. M., 1988; Im H. B., 2006; Chang J. , 2007).

On the other hand, as described earlier, the breakdown of the cold-war system after the collapse of the Soviet Union and the series of measures by the Kim Dae-jung government including the summit meeting in 2000 and "Sunshine (*Hatbuk*) Policy" were the momentum for Korean society to escape from the shadow of anti-communism. In particular, the Sunshine (*Hatbuk*) Policy emphasized peaceful cooperation and coexistence rather than confrontation and conflict. However, as shown by many critics of this Sunshine Policy, anti-communism remains an influential ideologies in South Korea.

Also, the ideology of development was likely to be adopted in the least industrialized societies in Asia. This development ideology focusing on industrialisation and economic

growth had supported the long- term dictatorial seizure of power in many Asia countries<sup>11</sup>. But, it can be noticed that the development ideology in South Korea was not only used to secure the legitimacy of regime but was also combined with anti-communism. On the one hand, the military regime in South Korea tried to overcome the absence of legitimacy through economic development. The well known slogan was the modernization of the fatherland, which was used to mobilize people. The notion of modernization is that liberal democracy has to be reserved to modernize the fatherland (Jin, 2000, p. 386). In other words, the modernization notion, in Korean style, that the political development should retreat in favour economic development, was created. People who suffered from poverty after the war and during the colonial period were persuaded by the slogan of modernization of the fatherland and the plan for economic development which was started with the aid of U.S. (Sin, 2006, pp. 14-5). The modernization notion, in Korean style, meant that democracy as a formal institution was introduced but it did not take root as part of the culture and social value (Lee H.-S. , 2002, p. 13). On the other hand, in South Korea, developmentalism was strongly joined with anti-communism and the principle of victory toward the North Korea (Lee B.-c. , 1995). The military government not only tried to promote people's commitment to the growth of the economy but also to confirm their legitimacy with a superior position in economy compared to the North Korea. It meant that the government converted the political conflicts between the North and South into the economic competition in the situation of a divided country.

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<sup>11</sup> Examples of this are president Park Jung Hee in Korea, prime minister Mahathir bin Mohammad in Malaysia, prime minister Lee Kwan-Yew in Singapore and president Ferdinand E. Marcos in Philippine. The development ideology in Asia countries gave the ideological legitimacy for the regime which pursues the economic growth but delays the political development for dictatorial long-term power. Furthermore, it had functioned as justification to oppress the anti-establishment movement for the political development (Lee H.-S. , 2002, pp. 12-3).



As a result, democracy was regarded as the counterpart of anti-communism and economic development in South Korea during the authoritarian regimes through anti-communism and developmentalism. As human rights and civil rights, which are basic characteristics of modernity, were suppressed by the logic of security and economic development, liberal democracy became defunct. Distribution and economic justice could not be requested in those days as those who argued for the re-distribution of wealth rather than growth were regarded as communist. It should be noted, too, that democracy had been judged as the obstacle of economic growth and national security by the military government, even though the real meaning of democratisation is an achievement of political and social democracy (Lee H.-S. , 2002).

### **2.2.3. The influence of Confucianism and familialism on authoritarianism and democracy**

Confucianism and familialism<sup>12</sup> tenets of traditional Korean culture may also have left an influential legacy on Korean politics. Confucianism was adopted as the official ideology of the Choson Dynasty (1392-1910), which introduced Confucian institutions and practices. Since then, Confucianism has remained an influential source of values and norms in Korea (Koh B-i, 1996, p. 195; Yang J, 1999, p.228; Lew et. al., 2011, p.185). Grounded in the

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<sup>12</sup> Woodiwiss finds the ur-form of familialism in Weber's patriarchalism which is defined as "a strictly hierarchical political structure justified by a familialist discourse and resting on an economy and a wider set of social relations structured in large part by kinship" (Woodiwiss, 1998, p.2). Taking the nature of contemporary state and economic forms into account, he redefines patriarchalism as "a familialist discourse of rule that regardless of institutional context, both assumes the naturalness of inequalities in the social relations between people, and justifies these by reference to the respect due to a benevolent father, or father-figure or, sometimes, mother-figure, who nonetheless does not, 'freely appropriate' all power to himself or herself, but exercises a 'joint right'" (Woodiwiss, 2003, pp. 51-52).

ideology of the family as the basic unit of community, familialism is deeply embedded in Korean society.

The key features of the Confucian ethic include “the importance of family, concern for virtues and ethics, the primacy of the group over the individual, emphasis on unity or harmony, hard work, thrift, and the importance of education” (Park and Doh, 2006, p.343). For instance, Kahn assesses the Confucian ethic as a good mechanism which “is superbly designed to create and foster loyalty, dedication, responsibility, and commitment and to intensify identification with the organization and one’s role in the organization” (Kahn, 1979, p.122).

Among the features of the Confucian ethic, two points need to be addressed in terms of their influence on Korean authoritarianism and democracy. One is that the family, rather than the individual, is emphasized in Confucianism. The concept of the family extends to the consanguineous village, community, and the state. In other words, the state is considered as an extended family. Furthermore, interpersonal relationships are defined as hierarchical. Along these lines, the essential ethical principles of Confucianism are clearly represented by loyalty and filial piety, “which imply that individuals can be sacrificed for the family and the state” (Yang J, 1999, p.223). The other point is that education is strongly emphasized in Confucianism. The fundamental role of education in Confucianism is a process of personal cultivation and self-improvement. What is of interest is that its practical function is found as an instrument to cultivate bureaucrats and social mobility, as shown in the National Civil Services Examination (*Kwa-keo*) of the Choson Dynasty. Bureaucrats were recruited on the basis of merit. Hence, their significant and influential role in policy making tends to be widely accepted with authority and respect from the public.

The general expectation might be that this traditional Confucianism would fade out in the process of modernization. However, it was reformulated, reorganized, and reinforced by authoritarian and military regimes in the process of industrialisation (Lee S, 1997, p.14; Lew et. al., 2011, p.180). For instance, in the promotion of initiatives for economic development, the Park Chung Hee regime exploited the Confucian ethic which places a high value on education and importance of the family. One distinctive case is the Charter of National Education which was proclaimed in 1968 and which all students were forced to memorize.

We have been born into this land, charged with the historic mission of regenerating the nation. ... We do hereby state the proper course to follow and set it up as the aim of our education ... encourage the willingness of the people to participate and serve in building the nation ... The love of the country and fellow countrymen together with the firm belief in democracy against communism is the way for our survival ... (Lee Y. D, 1974, pp.18-19)

The Confucian tradition of high value on education stimulated by the government had a profound influence on Korean society, particularly when it was combined with the Confucian emphasis on the family. It was usual for unmarried sisters to leave their rural hometowns to get jobs and send their meagre wages back to their family for their siblings' education (Koh B-i, 1996, p.195). Even low-income families were willing to spend large amounts of money on their children's education so that they could climb the social ladder through education (Lew et. al., p.184). In sum, partly because the Confucian ethic provided the ideological rationale for government policies on education, the government achieved the cultivation of skilled and motivated workers for economic development.

Another example of the Park Chung Hee authoritarian government's usage of Confucianism can be found in various government-driven plans and movements for economic development. In 1962, a five-year economic development plan was established and renewed every five years until the 1990s. This government-led economic development plan could be successfully implemented partly because it was based on the public's Confucian perception of virtuous government and accordingly its general acceptance of the government's strong leadership in economic development. The government's direct intervention in markets and industrial affairs was widely accepted under the form of "government instructions" (Cho L-J, 1994, p.15). In 1972, the "New Village Movement (*Saemaul-undong*)" was launched with the slogan and song of "Let's try to be better-off." Its core values were "diligence, self-reliance, and cooperation" which appeal to the Confucian ethic of hard work and collectivism.

Other Confucian ethics, such as the importance of family, harmony and cooperation, were also utilized to galvanize workers to be self-sacrificing labourers despite low wages and to obey managers' orders. For instance, the Park Chung Hee regime urged employers and employees to form their industrial relationships on the basis of the family as a metaphor for the company, such as "treat employees like family" and "do factory work like...[your] family's business" (Kim and Park, 2003, p.45). Private companies introduced a workplace incentive system in the form of seniority rule and lifetime employment, and tried to inspire company loyalty and collectivism (Kuk, 1997, p.45). In this way, familialism was extended to the workplace. In addition, many large companies had a family-oriented ownership and management structure. For 30 major company groups which were designated by the government in April of 1995, the average share holdings by large shareholders and their families amounted to 43.3% (Chun T-S, 1999, p.112). This Confucian tradition was also applied to the relationship between the government and private companies, and accordingly

strong leadership from the government was accepted between them. One example is monthly export expansion and promotion meeting, at which the president presides and private company CEOs as well as bureaucrats participate in to deal with the issues of export promotion.

On the grounds of the above discussion, one possible conclusion is that the Confucian ethic was one of the major contributors to the economic growth of Korea (Kahn, 1979; Berger, 1988; Vogel, 1991; Cho L-J, 1994; Song, 1997; Pye, 2000; Lew et. al., 2011), even though the result of debates on the contribution of Confucianism to East Asian economic development has been inconclusive<sup>13</sup>. However, it is particularly significant for this thesis that the Confucian ethic was easily combined with the developmentalism of authoritarian regimes in Korea.

Another influence of Confucianism in the process of modernization in Korea can be discussed in terms of democracy. Regarding the relationship between Confucianism and democracy, two conflicting views exist (Shin and Chung, 2002, p.112). One view associates Confucianism with its authoritarian elements. In contrast, the other view argues the compatibility between Confucianism and democracy (Fukuyama, 1995, p.25).

For Korea, it has been suggested that authoritarian regimes took advantage of Confucianism and familialism to gain legitimacy and to mobilize people for political purposes. One of the distinctive cases is the Park Chung Hee military regime. It placed emphasis on loyalty to

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<sup>13</sup> It may be well shown in both Weber's argument against Confucianism and assertions for Confucian capitalism. It may reflect that Confucian ethic includes contradictory characteristics; positive factors in economic development, such as emphasis on the group, high value on education and dedication to work, and negative elements, such as lack of individual ingenuity.

contain civil society's request for political rights and stressed filial piety for the formation of familial authority to reinforce obedience and to repress the demand for freedom. To revitalize and inspire Confucian loyalty, military figures that had fought for the country throughout its history were praised and idolized (Kwon, 2001, pp.66-67). To extend the concept of filial piety from the family to the state, the president was symbolized as "national father" and the first lady as "national mother" (Kim M, 2010, p.335). Furthermore, stressing the respect for the Confucian ethic, including loyalty to the regime, the Park Chung Hee authoritarian regime propelled "Korean-style democracy" (Lee, 1997, p.275) and utilized it to "defend his highly repressive rule during the *Yushin* period" (Kim Y-M, 1997, p.1132).

Another example where authoritarian regimes exploited the Confucian ethic for political stability can be found in the 1991 case of students who protested against a professor who had been designated as a Prime Minister<sup>14</sup> by throwing flour and eggs. Relying on Confucian ethic of *Gun-Sa-Bu-Il-Che*<sup>15</sup>, the Roh Tae-woo regime blamed students for an immoral offence committed against a teacher.

In the workplaces, authoritarian regimes and private companies also relied on the Confucian ethic, such as the priority of family, to repress workers' requests including reasonable compensation. The regimes and companies utilized familialistic authority to suppress labour union activities in the 1970s (Lee S, 1997, p.267).

As such, because the Confucian ethic was utilized by authoritarian governments, Confucianism has been considered as anti-democratic in Korea. However, what is noteworthy is that some elements of Confucianism can have a positive effect on the development of

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<sup>14</sup> He was a president of a university.

<sup>15</sup> Its meaning is that King (Gun), teacher (Sa) and father (Bu) are to be respected the same.

democracy. For instance, the high level of education in Korea as a result of the Confucian emphasis on education may lead to higher participation in political issues.

In sum, it can be concluded that the traditional Korean culture of Confucianism and familialism was exploited by authoritarian regimes to support their developmentalism in the process of industrialisation and to legitimize their anti-democratic power and policies in the transition to democracy. What is interesting is that the influence of Korean traditional culture has been weakened (Yang J, 1999, p.228). For instance, the change in the connection between the Confucian ethic and developmentalism has been observed in the transition toward democracy and informatization. One such change can be found in the workplace where familialism and a hierarchical culture have had a tendency to weaken. Along with the Democracy Movement in the late 1980s, workers' requests for reasonable compensation and better working conditions sharply increased. This trend is clearly reflected in the dramatic increase in strikes from 276 in 1986 to 3749 in 1987 (Lee and McNulty, 2003, p.39). During the financial crisis of 1997, lay-offs were introduced undermining the stability of lifetime employment and consequently the familial tradition in workplaces. Coupled with informatization which was promoted by the government, the information and communication industry boom in the early 2000s contributed to a change in workplace culture, such as the priority of individual ingenuity over harmony and performance over seniority. The boom intensified the trend that high-level managerial positions could be occupied by young and talented workers rather than old and long-serving employees.

#### **2.2.4. Changes in civil society**

It seems to be a dominant view among Korean scholars that a distinct civil society in Korea started to emerge in the second half of the 19<sup>th</sup> century (Koo, 2002, p. 41). At that time, a hierarchical status system was transformed and the establishment and development of capitalism made progress in the economic area because of the power of foreign countries in developing the economy. Hitherto, the power of the state was overruled by power of foreign countries, especially by the imperialism of Japan. This indicates that the formation of civil society in Korea had been distorted by the intervention of a foreign country's power in a crippling manner from the beginning (Chung, Kim, & Yoo, 1995, pp. 271-4). After the liberation from Japan, the growth of civil society in Korea was still impossible. Hagen Koo (2002, p. 41) maintains that "the contentious and unruly character of South Korea's civil society stemmed basically from the fact that subsequent political development in Korea continuously denied the Korean people opportunities to restructure state power according to their nationalist ideas and democratic values." He argues that South Koreans were frustrated by the fact that they got another form of foreign domination, national division and the revival of the old power rather than real liberation. After that, the Korean War and strong U.S.'s support contributed to the Rhee regime's power maintenance and even though the student uprising in 1960 brought new opportunities, Park Jung Hee's military coup negated it.

It can be concluded that after liberation from Japanese imperialism, civil society in South Korea was suppressed by a succession of authoritarian regimes. In particular, repressive rule lasted for a quarter of a century after the first military coup in 1961. During that period, state-led industrialisation progressed rapidly while democracy was postponed. Plutocracies were strongly tied to authoritarian state power in the period of authoritarian government-led



industrialisation. To achieve the development of the economy, governments not only supported some specific big companies intensively with finance rationing, but also restricted wages for labour (Sin, 2006, pp. 14-5). Hagen Koo states that “the Korean capitalists’ close ties with, and dependence, upon authoritarian state power prevented them from playing a leading role in promoting civil society, and instead became an object of antagonism from the emerging civil society” (2002, p. 42). He also asserts that the civil society in the 1980s consisted of labour groups and dissident intellectuals rather than autonomous associations and civic activities within a legal framework (2002, p. 44). It may be one of the reasons why, as mentioned in Section 2.2.2, their activities were easily painted as pro-communist and suppressed by various authoritarian regimes. As Jang-Jip Choi (2005, pp. 41-66) notes, the state’s overdevelopment and civil society’s underdevelopment was characteristic of South Korea before democratisation.

Civil society in South Korea began to grow rapidly after the democratic transition that began in 1987. It was the big democratic movement in June 1987 that provided momentum for the breakdown of the long-lasting authoritarian regime. Massive protests on the streets by students joined by a large number of white-collar workers and other citizens made possible the political transition to democracy in South Korea. Consequently, the Democratisation Movement in 1987 and the development of democracy gave an important chance for South Korean civil society to grow.

The flow of democratisation during last twenty years caused the positive cycle such as, the withdrawal of authoritarian regimes, the performance of direct presidential voting, the start of civil government and transfer of power by election. As these processes of democratisation were progressing, the suppression of civil society by the state was slowly reduced and civil

movements in various areas were activated. In particular, attention has been given to new issues which had been neglected such as environment, education, gender, local autonomy, medical, traffic and human rights and South Korean civil society has been actively participating in the various areas, such as the protection of environment and women's issues (Kim H.-R. , 2000, p. 596)<sup>16</sup>.

As Chang Woo-Young argues (2006, pp. 53-4), voluntary and autonomous organizations in civil society have expanded owing to the result of democratisation. While legacies of authoritarianism still remained, the transition toward a democratic consolidation had been made (Kim H.-R. , 2000, p. 596). Also, Hagen Koo (2002, pp. 43-4) maintains that the dramatic growth of civil society movements in South Korea in the 1990s was led by the following factors: the public's participation and support to reform areas where there were many social problems, such as pollution, educational problem and traffic problems, which had been created during the process of rapid economic development, the dissatisfaction of the democratic process<sup>17</sup>, the support of civilian governments and international organizations. These factors have contributed to keep and intensify the political participation of civil society after democratisation. As Hyuk-Rae Kim (2000, p. 608) notes, "the growth of NGOs in South Korea is both the result of the demise of authoritarian regimes and a further stimulus to the transition toward solidifying democracy."

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<sup>16</sup> Social movements started to be customized to various issues and major civil organization and social activities bodies began to monitor national policies and propose the alternative policies. As of 2000, more than three quarters of 20 thousands civil organization and social activities bodies were established before and after around the 1990s (Neotimes, 2000).

<sup>17</sup> After the success of democratic movement, people were really dissatisfied with the existing political process and the problems in politics such as corruption, bossism, money politics and regionalism. In this context, the civil society movement was supported to change the previous bad practices.

Along with the progress of democratisation, the diffusion of information communication technology caused the growth of the civil movement and the active participation of citizens since the 1990s. On the one hand, the expansion of informatization has been effective for non-government organizations to expand their issues and to communicate with the public. On the other hand, as it led to new online media, citizen participation and exchange of opinion to support the pursuit of political goals. The 2002 presidential election was a pivotal event for the online media (Chang, 2005a, p. 925). In this election, to liberal reform forces which represent democratic power, the active participation of ‘netizens’ was a crucial contributor to win the election. As Armstrong (2007, p. 4) indicates, “Grass-root mobilization was made even more rapid and efficient in the early of 2000s through the use of the Internet, as South Korea attained one of the world’s highest per capita rates of broadband usage.” He also points out that netizens created a discourse of Korean democratisation.

In sum, it could be noted that the democratisation and informatization are two main influences upon contemporary civil society in South Korea. The process of democratisation is closely linked to the rise of civil society as civil society in South Korea could grow together with the process of democratic movement and the entrance of civilian government. Also, the development of information technology facilitated the civic movements and contributed to the diversification and expansion of public opinion.

## **2.3 Social structure of the South Korea polity**

### **2.3.1. The change of economic structure**

The military regime before democratisation in South Korea can be categorized as a developmental state with government-led industrialisation. During that industrial period, this government-led industrialisation achieved economic growth at an average rate of 8.9% per year between 1962 and 1987, and for the years 1986 and 1987 at 12.6% and 12.3% respectively. At the same time, the composition of the South Korean labour force shifted from 79% in the primary sector in 1961 to 70 % in the secondary and tertiary sectors in 1988 (Johnson, 1989, p. 7).

It has been suggested that there are a number of factors which have contributed to the success of the economic policies by the military regimes. The cold-war world system can be considered as a significant contributor to the economic growth of South Korea. Under the U.S.'s support, the South Korean government was able to borrow from the World Bank the largest foreign loan ever given to any country from 1971 to 1981 and the preferential tariff of U.S. which was based on the cold-war system helped cheap Korean goods, produced by low-wage labour to penetrate the American market. Second, the economic achievement was due to the strong politics of the military regimes. As the authoritarian regime in South Korea chose conglomerates (*chaebol*) for their political partners to develop the economy, the state not only supplied intensive financial support to selective companies it also controlled the wage demands of labourers (Sin, 2006, pp. 14-5). To sum up, it can be concluded that the success of industrialisation in South Korea was caused by the combination of domestic condition - that is, the strong state-led industrialisation - and the international situation - that is, the cold-war

world system. However, the economic growth strategies of the developmental state produced collusion between government and business, which became an obstruction to the South Korean economy in the 1990s, during the period of globalisation under neo-liberal policies for global institutions.

Accompanying the change of international economic structure, Kim Young-sam government, the first civilian government, tried to reform under the *Sekyewha* policy (a total globalization strategy) from November 1994 and South Korea joined the Organization for Economic Cooperation and Development (hereafter OECD) in 1996. Kim Young-sam government propelled liberalization and also drove economic reforms such as the weakening of government's control over finance and the alternation of foreign exchange control method from the fixed exchange rate system to a floating exchange rate system, which were very big changes in economic structure and policy in South Korea.

However, under this trend of globalization, the developmental model in authoritarian regimes revealed its vulnerability to the international economic environment. Following Splichal, Calabrese & Sparks's argument (1994)<sup>18</sup> that globalization can reduce the validity of government-driven economic growth strategy, the growing integration of production and exchange in the world economy has rendered the strong authoritarian capitalism of South Korea inappropriate. In the situation of financial crisis, when the government could not

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<sup>18</sup> Their suggestion that the growing globalization of production causes the decrease of the effect of the individual states' policies in the conditions for commercial success is applicable to the South Korean case. They maintain that in the past, the state was used as an instrument of national development to accomplish industrialisation but nowadays "the growing integration of production and exchange in the world economy has rendered the autarchic model inefficient." (Splichal, Calabrese, & Sparks, 1994, p. 2). They also assert that the development of technology and high demand for well-educated labour also makes the high centralized state control unproductive.

support the individual companies as previous authoritarian governments had done, companies became bankrupt, linked to the bankruptcy of banks lending money to the companies, precipitating a national crisis. At the same time, the big companies, such as *chaebol*, were too dependent on financial support controlled by the authoritarian government to adapt to the change in the international economy. Consequently, the foreign exchange crisis immediately led to massive bankruptcy of big companies (Sin, 2006). In this context, it was suggested that the economic crisis in 1997 was related to the maladjustment to the international economy.

As the economic crisis proved a failure of the developmental model in authoritarian regimes, the authoritarian force lost power and this contributed to a transfer of political power from authoritarian industrial power to democratic reformist power. In the Kim Dae-jung administration, structural reforms were accomplished in the various sectors, including the labour market, financial industries, and *chaebol*. In this context, it has been suggested that democracy can provide a good opportunity to implement economic reform. The legitimacy and credibility of the government's reform can be obtained from democracy (Moon & Kim, 2000, pp. 162-3).

Meantime, as the Kim Dae-jung government, which started with the financial crisis, had to accept the requirement of the IMF to overcome the crisis, the neo-liberal policies became the mainstream of economic policies. Thus, while getting through the financial crisis, South Korea has been transformed from a developmental state system in which states take charge of regulation and coordination, to a neo-liberal system in which the market does (Sin, 2006, pp. 34-5)

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However, during the last five years, the period of the Roh Moo-hyun Government, the neo-liberal policies have brought out problems such as the intensification of class structure and the inequality of income (Choi, 2005, pp. 208-14). The new economic depression played a role as one of contributors to nostalgia for the era of authoritarian developmental state. At the same time, the discourses about economic growth having a priority over democracy have begun to reappear.

### **2.3.2. The change of governmental policies**

As mentioned before, with the situation of the division of the Korean peninsula, the ideologies of security and anti-communism gave the military authoritarian regimes legitimacy for their seizure of power. The government-led development strategy was not only adopted to suppress the need for democracy, but also was closely connected with their seizure of power because the predominance of economic issues was an effective method to prove the excellence of the political system. In other words, economic success was an important tool to maintain the dictatorship in the period of the cold-war world system. With these strategies, the military regimes encouraged South Koreans to take part in economic development so successful industrialisation was achieved. As a result, the ideologies of development and anti-communism were connected with these values such as national security, efficiency and development rather than peace, equality and redistribution. In this context, during the industrial period, the authoritarian governments' policies in South Korea were implemented in pursuit of such values.

However, after the breakup of the Soviet Union, the ideology of security and anti-communism has been less effective in South Korean society. In this post cold-war period, South Korea lost

its opponent in the competition between the systems of the capitalist South and communist North during the 1960s and 1970s. Furthermore, North Korea slowly worsened into economic disaster in the 1980s. In addition, since the famine of North Korea in the late 1990s, this country has been considered in need of aid rather than a country to compete with. The images of poor children in North Korea affect significantly the South Korean psyche and North Koreans are no longer regarded as belligerent neighbours ready to attack South Korea (Kim & Lim, 2007, pp. 75-8).

Meanwhile, in company with the advent of democratisation's era, after the success of democratisation in the late 1980s and the establishment of civilian governments in the 1990s, the ideology of development does not have the strong influence in South Korea any more. Instead, various demands which had been suppressed in the authoritarian period started to arise including human rights and economic justice.

To sum up, the change of international situation and the decline of North Korea helped South Korea to escape from the danger of war and the democratic movement to succeed on new terms. At the same time, the new civilian governments initiated new strategies to replace the old development model.

The important change of government policies happened in policies relating to North Korea. The anti-communism which had played a significant role in repressing pro-democracy movements in authoritarian regimes is not effective any more. The collapse of the cold-war system and the advent of civilian governments which do not depend for their legitimacy on the division of the Korea peninsula brought out the change of relationship with North Korea.



Since the historic summit meeting in 2000, collaborative economic projects were drawn up and were implemented between the South and the North (Kim & Lim, 2007, p. 76).

In terms of economic politics, globalization and informatization have become another name for industrialisation since the 1990s. The Kim Young-sam government started the *Sekyewha* policy (a total globalization policy) and tried to implement economic reforms. At that time, the government stressed the intensification of a national competitiveness to develop the economy in the age of globalization. The information-related policies were prompted as a method to improve national competitiveness which was necessary in that globalization period. For instance, the well-known slogan in the early 1990s was that ‘even though industrialisation was belated, let’s go ahead with informatization’. However, it also shows that informatization was propelled by a similar process to that of industrialisation. Therefore, it can be concluded that the problem of Korean style modernization would be revealed in the process of informatization led by government in the sense that governments have promoted the informatization with the same logic of industrialisation.

Finally, the coexistence of democracy and development has been emphasized. The Kim Dae-jung government asserted that democracy and a market-oriented economy can prosper at the same time. Kim’s inaugural address shows a new direction of government policies (25 February 1998).

Now, the world is progressing from the industrial society in which material resources are the main source of economic development to knowledge-information society in which intangible knowledge and information become the motive power of economic growth. The information revolution is leading the change from national economy to world economy as the world becomes a global village. The information age heralds a period that at anywhere and anytime,

anyone can get and use information easily and cheaply. It is possible only in a democratic society (President Kim Dae-jung, inauguration address, 25<sup>th</sup> February 1998, *The Chosun Ilbo*).

In this context, the Korean government has strongly promoted informatization to get a high position in this field for the last ten years. As a result, during Kim Dae-jung's period, the information technology industry was nurtured and infrastructure like networks for information age was supplied. The slogan, 'the World's best IT country', is a good example to express the economic success of South Korea.

In sum, the information age, the world economy, and a democratic society represented the new alternative notion replacing the industrial society. In the period of post-democratisation, new civilian governments tried to overcome the previous authoritarian values and settle the democratic ones. They wanted to develop democracy and economy together and tried to connect the democracy and information age.

### **2.3.3. The change of political structure**

During the industrial period, South Korea had been governed by a succession of authoritarian regimes until 1987 when the democratic movement made a big change. In the sense that authoritarian regimes had accomplished rapid economic growth with a strategy of government-led industrialisation while democracy was delayed, South Korea in the industrial period can be characterized as the rule of *authoritarian capitalism*.

Even though electoral democracy had started as a result of the success of the democratic movements, South Korea's democratic consolidation was not immediately established. The conservative forces of the authoritarian industrialisation period proved resistant to socioeconomic reform (Chang, 2005a, pp. 927-8). This is reflected in the fact that South Korea could achieve its first transfer of power between ruling and opposition parties only in 1997 with the election of a president Kim Dae-jung who stood for the democratic reformist forces. This was ten years after the beginning of transition to democracy.

After 1987, the politics of South Korea has been changed through conflicts between the anti-communist conservative forces which were the main power group in the authoritarian regimes and the democratic reformist forces which led the democratic movement. The conservative forces were able to maintain their power during ten years.

This phenomenon can be explained by the following arguments. One is related to the regionalism of Korea. It has been suggested that the regionalism in Korean history has had distinctive feature of a closed and exclusive provincialism (Kim S.-K. , 1988, p. 28), leading to the predominance of regional consideration in elections and an increase in regional economic disparities (Choi, 1993, p. 45; Lee & Brunn, 1996; Park, 2003). For example, in the presidential election in 1992, the president-elect and the ruling party secured 70 percent of the votes in the southeast region, while the opposition leader gained 91 percent of the votes in the southwest region. In this context, the National Assembly which was based on regional representation was the main focus for the conservative forces to gather supporters and to oppose the policies of the government (Sin, 2006, p. 31). The other possible explanation is that the values which were based on economic growth by government-led industrialisation were not rejected by the South Korean people, although anti-communism had lost much of its

power because of the continuing efforts of the civilian governments to improve the relationship between North Korea and South Korea. The last explanatory factor is the conservative media's significant role in maintaining and intensifying the conservative monopoly. Democratisation enhanced the conservative media's autonomy and its social influence (Chang, 2005a, p. 928). The big media which has similar political and ideological views<sup>19</sup> to the conservative forces has monopolized agenda and issues (Choi, 2005, pp. 35-8). As a result, the existing conservative media has increased its influence on the formation of the conservative elite groups who are opposed to the reformist governments and by persistent resistance to political reforms (Chang, 2005b, p. 394). Therefore, the media has helped conservative forces to keep their power in the National Assembly and maintain their identity as opponents to most of the government policies<sup>20</sup> since the transfer of power in 1997.

However, although the conservative forces resisted strongly, and the conservative media supported them, the democratic reformist forces were able to succeed in presidential elections in 1997 and 2002. One of the big reasons for the success was suggested to be the new online media which had emerged since the mid-1990s as a consequence of the development of information communication technology. Because the existing conservative media was regarded as ineffective as a vehicle via which the needs and opinions of civil society can be communicated to the political system, new online media has supplied the alternative room for reform-oriented netizens to disseminate their opinions and participate in social movements. With the rapid informatization of South Korea, online journalism has undergone three stages; the bulletin board system to discuss political issues, 'parody' and 'anti' sites to criticize the

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<sup>19</sup> The three major conservative Korean newspapers—*The Chosun Ilbo*, *JoongAng Daily*, and *The DongA Ilbo*—dominate the newspaper market as they occupy around 75 and 80 per cent of newspaper readership (Chang W.-Y., 2005b, p. 394).

<sup>20</sup> It is called 'contentious politics'. As objection for objection has been a major strategy of the opposition party, the confrontation and conflict became the ordinary culture of the National Assembly (Sin, 2006, pp. 31-2).

conservative newspapers, and alternative media<sup>21</sup> (Chang, 2005a, p. 929). The development of online media and citizens' participation was caused by the growth of information technology which was promoted by civilian governments. The success of the reformist candidate in the 2002 presidential election was a good example of the online media's achievement. With the strong support of the online community and the online media, Roh Moo-hyun was able to become the candidate for presidential election. Furthermore, through supporters' activities on the Internet and the use of mobile phones to encourage people to vote for the candidate<sup>22</sup>, he reversed the surprising withdrawal of the endorsement for him by Chung Mong-joon, who had given up his candidacy for him and campaigned with him, a few hours before the official end of the campaign. It may indicate that the growth of democratic reformist forces in South Korea has been achieved through informatization as well as democratisation. It can also imply that the democratisation of South Korea has been performed together with social change from the industrial age to post-industrial and information age. Therefore, it can be concluded that the democratic reformist forces stands for the era of post-industrialised and the information society and embodies the values of democracy and peace, while the anti-communism conservative forces represents the industrial period.

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<sup>21</sup> *Ohmynews* and *non-gaek* (polemicist) websites are most representative online media.

<sup>22</sup> After Chung's revocation, the discussion rooms of *Ohmynews* (a most famous online newspaper) were crowded with supporters of Roh. For about 10 hours until daybreak, 570,000 people accessed the articles on the new electoral development and the total number of pages read reached almost 20 million (Chang W.-Y. , 2005a, pp. 930-1) .

## **2.4. Civil society as information society**

### **2.4.1. The change of civil society**

As mentioned before, civil society in South Korea has expanded and has been playing an important role in the political changes after democratisation. The citizen's movement since 1987 was very different from the class-based '*minjung*' movements in the military regimes in the sense that it was led by new organizations<sup>23</sup> of the middle-classes who believed that peaceful and rational actions of citizens would be effective to deepen social and economic democracy (Kim H.-R. , 2000, p. 600; Koo, 2002, p. 44). During the last two decades, the expansion of civil movements and active participation of citizens has been an important impetus of political change.

Meanwhile, as described earlier, this growth of citizens' movements was closely connected with the development of informatization as well as democratisation. Through the development of information communication technology and diffusion of the Internet, public issues could be addressed and social movements were easily organized in civil society.

To understand how informatization affects the development of democratisation, it is useful to overview the present situation of informatization in South Korea. Much evidence shows that South Korea has the leading position in terms of diffusion of information technology and Internet usage. Since Korea's commercialization of the Internet in 1994, the number of Internet users in South Korea has rapidly increased with the launch of the broadband service

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<sup>23</sup> Examples of such organizations are the citizens' coalition for economic justice, the league of anti-pollution movements, feminist groups to fight political corruption or to fight regionalism, pressure groups for ensuring responsive agencies, and so on (Koo, 2002, p. 42).

from 3 million in 1998 to 33.01 million by the end of 2005. The number of broadband Internet subscribers had reached 12.19 million in 2006 (National Computerization Agency, 2006, p. 6). According to the research of National Internet Development Agency of Korea on June 2007, the rate of households with computer(s) is 80.0 percent and more than three quarters of households (79.9 percent) are found to be able to access the Internet at home. Most of the households with Internet access (82.4 percent) use the Internet by 'ADSL'. Internet usage rate of the population aged 6 and over is 75.5 per cent of the total population (National Internet Development Agency of Korea, 2007).

South Korea's fast progress in informatization has been explained by various factors, such as geographical character, the government's role and cheap Internet access (Chang, 2005a, pp. 928-9; 2006, pp. 56-7). Geographical character, such as metropolitan area and high population density, provide a favourable environment for informatization. For example, due to the pervasive accommodation type, such as apartments, the cost of Internet network installation could be reduced. The government also played a crucial role in promoting the development of information technology, such as building the information super-highway which was completed in 1997. For the cost of Internet access, Korea had an advantage over other countries. For example, in the case of Internet cafes, the hourly cost was US \$1.40 compared to the United Kingdom (US \$7) and the United States (US \$5).<sup>24</sup>.

Such an explosive increase in the spread of Internet usage caused the young generation and reformist forces who want to change the old order from authoritarianism to actively use the Internet to attain the reform. As Castells asserted (2001, p. 164),

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<sup>24</sup> [https://www.foreignpolicy.com/articles/2004/07/01/cost\\_of\\_cyberliving](https://www.foreignpolicy.com/articles/2004/07/01/cost_of_cyberliving) (accessed 7 January 2012).

The Internet offers extraordinary potential for the expression of human rights, and for the communication of human values. It cannot substitute for social change or political reform. However, by relatively levelling the ground of symbolic manipulation, and by broadening the source of communication, it does contribute to democratisation.

For example, according to research (National Internet Development Agency of Korea, 2007), South Koreans who believe that the Internet allows ‘More liberal expression of personal opinions/views’ and ‘Being able to influence public opinion by expressing their own opinion, participating in the internet poll, etc.’ amounts to 49.0 per cent and 39.9 per cent respectively.

Political utilization of the Internet by civil organizations and political parties has expanded and the alternative public sphere has been created by active participation of the public since 1990 in South Korea. For example, the netizens participated in the 1997 presidential election by providing an active discussion on conservatism versus reformism, by producing reformist discourses and by disseminating various logical arguments for supporting the reformist candidate (Chang, 2005b, p. 399). The Internet was used as “a communication medium with its own logic and its own language” and “its communication is usually embedded in social practice” (Castells, 2001, p. 200). In addition, as mentioned earlier, during another presidential election in 2002, the Internet was an important tool to support the reformist candidate from the stage of nomination race to the presidential Election Day (Chang, 2005b, p. 402). Therefore, it can be concluded that the diffusion of informatization has brought out the development of democratisation in South Korea since 1990.

In sum, during the last two decades, civil society in South Korea has expanded and has actively participated in political events and social reforms. The growth of civil society was accomplished not only by social changes which are led by democratisation, but also by the



diffusion of informatization which caused the citizen's participation and development of alternative online media. In this context, it can be suggested that democracy in South Korea has been developing with the advent of the information age.

#### **2.4.2. How to see the Information-related policies**

Informatization in South Korea can be interpreted in two ways. On the one hand, the diffusion of informatization helped the development of democratisation during last two decades. The development of communication technologies such as the Internet and mobile phones affects addressing public issues and organizing social movements in civil society. Informatization contributes to the expansion of online media which are powerful tools for communicative and participatory democracy. While the conservative forces still have strong power in the National Assembly and major media are seized by this conservative force, the democratic reformist forces could disseminate their values and arguments through an alternative public sphere in the Internet and the public could actively participate in the political process through mobilization by the Internet.

On the other hand, the "information society" is being pursued as a national development strategy. As mentioned before, the South Korean government strongly pushed the informatization promotion policy to gain profit from informatization. For example, the E-government plan has been implemented and accomplished. It could be noted that as Korea needed to be modernized during the authoritarian regimes in the industrial age, civil governments in the information age need to be informatized. In addition, the usage of informatization is influenced by the term "modernization" which was used as the ideology of development by the dictatorial governments. It indicates that there can be an innate tension

between the growth of civil society and the centralization of information by the government in the process of informatization. As discussed earlier, there would be conflict between the democratic values such as human rights and individual privacy, and the developmental and industrial values such as efficiency.

Some of the controversies over information-related policies, which were revealed during last two decades, are good examples to show these conflicts of values in South Korea. First, the controversy over the Electronic National Identification Card between non-government organizations and the South Korean government from 1995 to 1999 initiated the dispute between administrative efficiency and democratic value such as individual privacy. Through the dispute, civil society could realize the fact that information-related policies implemented by a government, would invade human rights and the plan was withdrawn because of the strong opposition. Second, the dispute over the National Education Information System started with a conflict between administrative efficiency and human rights like the case of ID card. However, during the debating period, it was transformed to a conflict between a conservative force supporting developmental code from efficiency and anti-communism and a reformist force arguing for the protection of privacy so the system was able to operate after some revision. In addition, the revision process of the Use and Protection of Credit Information Act which is related to the collection, sharing, and registration of personal credit information would be another example to show the conflict between economic efficiency and individual privacy. The process of revising the law has brought constant debates between civil society organizations, financial institutions and the government over the distribution and protection of credit information.

## **2.5. Conclusion**

In the industrial period and authoritarian military regimes before 1987 in South Korea, anti-communism and developmentalism had a tremendous effect on civil society and government policies. Particularly, the development ideology was connected with anti-communism for political motivation to prove the excellence of the political system. Consequently, the development ideology was used to gain legitimacy for the regime and to suppress the need for democracy during the industrial period, even though economic development eventually increased the size of the middle-class which was to play an important role in social movements for democracy. In this context, democracy was regarded as the counterpart of anti-communism and developmentalism in South Korea.

However, since the post-industrial period and information age, the influence of anti-communism and developmentalism has been reduced. After the breakdown of the Soviet Union and the continuing efforts of the civilian governments to improve the relationship between North Korea and South Korea, the ideology of security and anti-communism has been less effective in South Korean society. For developmentalism, the advent of the democratisation's era after the success of democratisation in the late 1980s and the establishment of civilian governments in the 1990s weakened its effect.

What is noteworthy is that government-led industrialisation was not rejected completely by the South Korean people. Globalization and informatization became other names for developmentalism and industrialisation as methods to improve national competitiveness. The information related policies were propelled in the same process that drove industrialisation.

On the other hand, this informatization has also helped the development of democratisation during the last two decades by providing efficient tools for participation in public issues and social movements, such as alternative online media. This indicates that informatization in South Korea can have both democratic values and developmental values. In this context, informatization in South Korea would have innate tension between democratic values such as human rights and individual privacy, and developmental and industrial values such as efficiency. Some of the controversies over information-related policies are good examples to show these conflicts of values and codes in South Korea. These will be the topics of the next chapters.

## **Chapter Three**

### **METHODOLOGY**

### **3.1. Introduction**

Since the Second World War, the civil society of Korea has experienced dramatic and rapid changes, such as economic development through industrialisation, successful democratisation and the development of information technology. During these changes, Korean civil society has not only become more differentiated, but has also become more integrated. Furthermore, the advent of the information age has led to a ‘the networked society’ (Castells, 1996) where the differentiation and integration of civil society is dynamic and takes on new forms.

According to Parsons (1971), the integration of a differentiated social system is accomplished by institutionalizing cultural values as norms that are socially accepted. Alexander, who follows Parsons, suggests that the structure of civil society can be understood by investigating a set of symbolic codes. These symbolic codes are used not only to define members of civil society and their inclusion and exclusion, but also define the character of civil society. For instance, he conceptualizes the structure of the discourse of civil society in the United States around a classification of democratic versus counter-democratic codes arranged in binary form (Alexander & Smith, 1993). The supplementing of Alexander with late-Durkheimian perspectives (Baiocchi, 2006; Edles, 1995; Jacobs, 1996; 1998, 1999; Ku, 2001; Rabinovitch, 2001; Smith, 1991; 1998; Swidler, 1986) has also shown that multiple codes and spheres can be present in various traditions and cultures and that, accordingly, the tensions of a number of different codes can be present in civil society.

As discussed in the chapter 2, Korea has shown the possibility of coexistence and conflict between multiple symbolic codes such as, ‘developmental’ and ‘democratic’ codes. The former involves authoritarian social values based on economic development and anti-

communism and the latter on the values of democracy. I shall suggest that the controversies over various social issues and policies which have arisen during the last two decades can be taken as indications of such coexistence and tensions in Korea and can be exemplified through the controversies over information-related policies. The above two opposing codes may play significant roles in the integration of a differentiated civil society by being mobilised in the conflicts.

Specifically, to understand when and how the tension of such opposing codes takes place and is resolved, this study attempts to analyze the disputes over information-related policies as a significant process in which existing values in a civil society are not only clearly exposed but also can undergo change through symbolic conflict through new values.

The disputes over information-related policies are good examples of present conflicts over different codes in Korean society. This may be so partly because of the characteristics of current Korean society and partly because of the specific features of informatization policies in Korea. To begin with, the distinctiveness of Korean society is that it is not only a society entering the information age, simultaneously with industrialisation, but also a newly democratized society. That is, Korean society has two unique features in terms of informatization. One is that the informatization in Korea is not only closely connected with the development of the national economy, but also has provided the basic tools for the expansion of democratisation during last two decades. The other feature is that Korea is one of the countries where the information communication technology has been highly developed and public opinion in the Internet greatly affects politics.

The informatization policies promoted by the Korean government have also contained two different values rooted in civil society. On the one hand, the Korean government has promoted information-related policies as a national development strategy based on developmental values. On the other hand, during the last two decades, informatization has contributed to the development of democratisation as it has supplied the basic tools for citizens to participate in the debates over public issues and in social movements. In this regard, it can be noted that informatization has been supported by different values. Thus, disputes over information-policies serve as a good example to present the process of symbolic conflicts between different codes in Korean civil society. Some policies promoted by government may initiate the controversies based on the tension between developmental value and democratic value.

For example, centralization of information by the government may help to improve economic efficiency and administrative convenience. However, it can impair privacy which is supported by democratic values. Hence, there would be conflicts between the developmental and industrial values such as efficiency, and the democratic values such as human rights and individual privacy. As a result, the analysis of the process of disputes can show how the different codes in Korean civil society are used symbolically during the debate and how members of civil society are divided over them.

This research seeks to obtain its objective by using three disputes over policy as case studies. It raises some methodological issues, such as whether a case study is appropriate for the aims of the research, whether the use of three similar cases is repetitive and how the mechanism of the conflict between codes can be examined in each case. In this regard, this chapter attempts



to discuss such issues one by one: specifically, a case study as testing theory, narrative as a tool to study the dynamics of civil society and discourse as a device to show cultural codes.

The remainder of this chapter is organised into two sections. Section 2 presents the overview of three disputes over information-related policies in Korea. It provides a general background of the cases for the selection of an appropriate and effective methodology. In Section 3, methodological issues are discussed. The first is a general discussion of a case study, including the generalisation of a case study and the usefulness of a case study approach. A brief review of a narrative approach follows, which focuses on its features in explaining the dynamics of civil society. Then, the concept of discourse and its role in civil society is discussed from a critical discourse analysis perspective as well as from a conventional view. After addressing the role of the media in civil society, the nature of data to be collected is presented.

### **3.2. Overview of disputes over information-related policies in Korea**

This study selects three controversies over information-related policies: the Electronic National Identification Card (hereafter electronic ID card), the National Education Information System (hereafter NEIS), and the Use and Protection of Credit Information Act (hereafter Credit Information Act).

The three cases have different political contexts. The controversy over the electronic ID card started in the first civilian government and ended after the first transfer of power between the ruling and opposition party. The main debate of the NEIS was conducted in the period when

conflicts between conservative forces and reform forces were severe. The period of revision of the Credit Information Act encompasses the above two periods (for the details, see Appendix 3-1). Thus, through the investigation of these three cases, how the change of political structure in the transition toward democratisation affects the value structure of Korean society can be examined.

Second, the three cases involve the collection of different information. The case of the electronic ID card is connected with the collection of personal information and the NEIS is related to the collection of education information while the revision of the Credit Information Act is an issue of the collection of credit information. As most citizens are closely involved in issues of personal and educational information, the controversies of the former two cases occurred publicly and unfolded in a way that was greatly affected by public opinion. The third case was conducted in relatively formal legislation processes and debates between civil society organizations, the financial sector, and the government over the distribution and protection of credit information. These three cases are related to different types of information, but all three cases are conflicts between administrative efficiency and human rights.

### **3.2.1. The dispute over the Electronic National Identification Card**

The controversy over the electronic ID card was conducted between non-government organizations and the South Korean government from 1995 to 1999. According to the plan, the electronic ID card was to encompass information from seven different sources; certificate of residence, medical insurance, driver's license, national pension certificate, resident register, certificate of seal impression and personal fingerprints. Since the plan for the electronic ID card was related to the collection of personal information it affected all citizens in Korea. The

plan was announced in April of 1995 without opposition, with an emphasis on administrative efficiency and huge interest from the press for being the first of its kind in the world. However, after an international seminar which was held in August of 1996, civil society organizations and movements started the rumblings of dispute between the government and civil society. The civil sector's claims of invasion of privacy were in direct opposition to the government's assertions of efficiency and personal convenience, and the long-running argument finally culminated in the termination of the system in December of 1998.

As such, it initiated a dispute between administrative efficiency and democratic values such as individual privacy in Korea. At first, the plan was implemented and supported by the developmental code. But, as citizens started to recognize that the plan would impinge upon democratic values, members in civil society tried to exclude the plan from their community. In other words, through the dispute, civil society came to realize that information-related policies implemented by a government would invade human rights and the plan came to be withdrawn because of the strong opposition.

### **3.2.2. The dispute over the National Education Information System**

The debate over the NEIS was conducted from 2000 to 2003. The NEIS keeps track of student information ranging from grades, health and attendance records to consultation records. Planners aimed to build up the system by March of 2002 and implement it in all schools a year later. However, just before March of 2003, questions started being asked about information rights, invasion of privacy, and data security. The argument between civil society organizations and the government spurred a revision of the initial plans, helped by advice from the National Human Rights Commission. In the end, even though it contains lots of

educational information, most medical information has been excluded outright from the NEIS, and it now carries minimal parent-related information.

The controversy over the NEIS resembles the one over the electronic ID card in 1997 in the sense that both are based on the conflict between administrative efficiency and protection of privacy. However, the big difference is that the NEIS has come into force after some revision while the electronic ID card was terminated outright. The reason seems to be that during the debate period, the initial controversy between administrative efficiency and protection of privacy evolved into the conflict between conservative values including anti-communism and reformative values.

### **3.2.3. The dispute over the credit information system**

The revision process of the Credit Information Act is related to the collection, sharing, and registration of personal credit information. The process revising the Credit Information Act from 1995 to 2007 has brought continuous debates between civil society organizations, the financial sector, and the governments over the distribution and protection of credit information.

Matters concerning the collection, sharing, and registration of personal credit information in Korean society are laid out in the Credit Information Act, enacted in 1995. In the financial sector, the Agreement on Management of Credit Information outlines specific matters such as credit delinquents, criteria for registering and removing bad credit information, the range of use of credit information, the access to and deletion of credit information, and its retention period. The corresponding law has been revised over ten times according to the alterations in the financial environment as the information wave has gained in power. The scope of

exchangeable credit information has fluctuated over time and the related agreements have been modified according to the revision of the law.

Individuals classified as credit delinquents in Korean society have received limitations on their financial activity, affecting their life in the workplace and effectively placing them under social and economic constraints. As a result, the debate over collection and sharing over individual credit information heated up even more as the number of credit delinquents reached 4 million in 2004. At first, the debate was limited to the financial sector and the government. However, along with the development of civil society and aggravating problems of credit delinquents, civil society organizations started to participate in the debates for revision of the law.

### **3.3. Research methodology**

By using disputes over a policy as case studies, this research attempts to test the late-Durkheimian perspective on civil society conflict, namely the coexistence of multiple cultural codes in civil society and the symbolic conflict between them. The information-related policies in Korea are employed because they are representative and outstanding cases which show multiple cultural codes. Particularly, following Bryman (1988, p. 88), this research tries to enhance generalization through case studies by using three related cases and comparing the results from them.

Each case can be thought of as containing a narrative structure and, furthermore, all three cases as events can be thought of as constituting one narrative in the process of informatization policy in Korea. Narrative has been used as a tool to study the dynamics of

civil society. The reason for this is that narratives play a significant role in constructing identities and, thereby, allows the analyst to consider the significance of events from the perspective of actors (Jacobs, 1996a, pp. 1240-1). As narrative guide social practice, goals and movements, it likewise guides members of civil society to understand what is good and what is bad. In this regard, by presenting the overall narrative of three cases of disputes over information-related policies in Korea, this research attempts to show when the tension of opposing symbolic codes in Korean civil society takes place and by which mechanism members of civil society attend to the process of symbolic conflicts.

Discourses in three cases also well reflect cultural codes, their changes, the corresponding social action and social change, and the dialectical relationship between them. In particular, the media plays a critical role as a space to solve political disputes through discourse and accordingly as a sphere for public influence, identity and solidarity. For this reason, the main data for this research are drawn from narratives and discourses in media and are complemented by other data from alternative sources.

### **3.3.1. Case studies for testing theories**

This research uses three Korean cases related to the disputes over information policies. Hence, the starting point is a general discussion of the case study as a methodology, such as how a case can be generalised and how a case study can be a useful tool to test theories.

Generally speaking, a case study attempts to conduct a detailed description or intensive examination of a particular occurrence. It indicates that it is not based on random sampling or large samples. This results in a standard argument against the use of a case study to test

hypotheses and produce theories. A typical one of such arguments is that a case study cannot be effective for generalisation and accordingly is not suitable for hypotheses testing and theory building even though it may be useful for generating hypotheses in the first stage of a total research process.<sup>25</sup> A basic logic behind this is a positivist view that the development of social sciences can be built upon the methodological apparatus and procedures of natural sciences, such as statistical inference and a generalization from many empirical and value-free observations. As Platt (1992a, p. 26) notes, Whitley argues that a generalization from the findings of a case cannot be held except in the event that a case ‘has characteristics common to a statistically large proportion of the population from which it is drawn.’”

However, contrary to positivist views of social sciences as the quasi-natural science, social phenomena are more complex than natural phenomena. In a post-positivist sense, “reality is assumed to exist but to be only imperfectly apprehendable because of basically flawed human intellectual mechanisms and the fundamentally intractable nature of phenomena” (Guba & Lincoln, 1994, p. 110). As Alexander notes (1982, p. 20), it is suggested that “there exists an interplay between the scientific knower and the object known.” Observations are considered as context-dependent rather than neutral and context-free. As such, post-positivism criticizes “both the status of law-like generalizations and the independence of empirical observations from theoretical statements” (Holmwood, 1996, p. 41).

Along with this line, if a generalization is accepted in a post-positivist vision, it should be recognized as contextual (Lincoln & Guba, 1985; Donmoyer, 1990; VanWynsberghe & Khan, 2007). It indicates that generalizations are transitory, requiring continuous updating. In this

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<sup>25</sup> See Flyvbjerg (2001; 2006) for the detailed discussion of misunderstandings about case-studies research.

regard, generalisability can increase by the repetition of cases (Bryman, 1988, p. 88) or the comparison of diverse cases. As Ragin (1992a) indicates,

The audiences for social science expect the results of social scientific investigation to be based on systematic appraisal of empirical evidence. Use of evidence that is repetitious and extensive in form, as when it is based on observations of many cases or of varied cases, has proved to be a dependable way for social scientists to substantiate their arguments (p. 2).

The results from the previous case can be strengthened by repeated cases and the robustness of the findings can be increased. As such, case studies can contribute to test theories via generalizations in a post-positivist sense.

What is noteworthy is that a case study has further advantages in social inquiry. For example, Flyvbjerg<sup>26</sup> maintains “a purely descriptive phenomenological case study without any attempt to generalize can certainly be of value in this process and has often helped cut a path toward scientific innovation” (2006, p. 227). In this regard, he suggests complementarity between case studies and a conventional approach based on large samples and variable-oriented investigations:

The advantage of large samples is breadth, whereas their problem is one of depth. For the case study, the situation is the reverse. Both approaches are necessary for a sound development of social science (2001, p. 87).

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<sup>26</sup> In fact, he insists that “one can often generalise on the basis of a single case” (2006, p. 228). He points out that generalizability can be obtained via the *strategic* choice of case, such as Foucault’s “Panopticon” as an extreme case and the archetypal “black swan” as a critical case. In addition, the above concept of generalization can be challenged.



In addition, it has been suggested that case studies can link empirical evidence to theories (Ragin, 1992b; Walton, 1992). Ragin (1992b) maintains that cases play important roles in the relationship between theoretical ideas and empirical evidence. He effectively addresses how significant case studies are in the process of theory building, as follows:

As researchers our primary goal is to link the empirical and the theoretical – to use theory to make sense of evidence and to use evidence to sharpen and refine theory. This interplay helps us to produce theoretically structured descriptions of the empirical world that are both meaningful and useful. Casing is an essential part of this process; cases are invoked to make the linking of ideas and evidence possible. Casing is an essential part of the process of producing theoretically structured descriptions of social life and of using empirical evidence to articulate theories. By limiting the empirical world in different ways, it is possible to connect it to theoretical ideas that are general, imprecise, but dynamic verbal statements. In this perspective a case is most often an intermediate product in the effort to link ideas and evidence (1992b, pp. 224-5).

Furthermore, unlike the positivist approach assuming simplifications of social phenomena, case studies may be appropriate to explain the complexities and conflicts of real life. In the positivist vision, it can be argued that case studies are not useful because they are difficult or impossible to summarise. However, Flyvbjerg insists that summarising case studies may be undesirable and sometimes counterproductive (2006, p. 239). He explains that “something essential may be lost by this summarising” (2001, p. 85).

On the grounds of the above discussion, by using cases, this research attempts to test the late-Durkheimian perspectives, namely the coexistence of multiple cultural codes in civil society

and the symbolic conflict between them. As discussed in Section 3.2.1., information-related policies in Korea are representative and outstanding cases which show multiple cultural codes. Particularly, this research tries to enhance a generalization by using three related cases and comparing the results from them.

### **3.3.2. Narrative**

A general definition of a narrative is a story that describes a sequence of events. According to Ricoeur (1974, p. 293), narratives “puts into play space, time and characters woven into story form.” Following Ricoeur, Kane (1997, p. 258) explains that “narratives provide a particular symbolic understanding of events and thus a vehicle by which people can (but not always will) make metaphoric associations in the same particular direction.” Along the same line, Abbott maintains that “a social science expressed in terms of typical case narratives would provide far better access for policy intervention” (1992, p. 79).

Narratives can be a useful tool for explaining social process and social change. Specifically, Jacobs (1996a, pp. 1240-1) suggests two reasons for this: narratives play roles in constructing identities and allow the analyst to consider the significance of events.

At first, narrative plays a role in constituting social identities and guiding social action (Jacobs, 1996a, p. 1241; 1998, p. 140). Kane (2000, p. 315) insists that narratives are “stories that embody symbolic code.” He indicates that they are “configurations of meaning, through which an individual and/or community comes to understand itself” (Kane, 2000, p. 315) and “can help individuals, organizations and associations, and communities to understand their process during the events” (Alexander & Smith, 1993, p. 156). As Alexander and Smith state,

One important kind of “cultural structure” is the narrative. People, groups, and nations understand their progress through time in terms of stories, plots which have beginnings, middles, and ends, heroes and antiheroes, epiphanies and denouements, dramatic, comic, and tragic forms (1993, p. 156).

Along this line, narrative analysis has been used to analyse the dynamics of civil society: class formation, collective mobilization and modern mass media (Hart, 1992; Somers, 1992; Steinmetz, 1992; Jacobs, 1996a, 1996b; Kane, 1997; 2000).

Somers (1992) and Steinmetz (1992) present how narrative affects the formation of the working-class. Somers shows that during the labour movement in England from 1800 to 1850, a “central” narrative guided multiple social practice, goals and movements (1992, pp. 610-6). She explains that this narrative theme was that “working class had inviolable rights to particular political and legal relationships.” Steinmetz (1992) also states the importance of social narrative in the formation of the working-class. He notes that “subjectivity is strongly structured around narratives, and that these narratives explain to individuals who, where, and “when” they are” (1992, p. 505). Hence, he maintains that “successful class formation entails a whole array of such narrative discourses, operation at various levels and accounting for the different sorts of events that may be encountered” (1992, p. 505).

Some studies (Kane, 1997; Hart, 1992) show that narrative plays an important role in constructing meaning in the process of social movement. Kane asserts that “narratives provide a particular symbolic understanding of events and thus a vehicle by which people can make metaphoric associations in the same particular direction” (1997, p. 258). Hart (1992) using the case of the Greek resistance movement shows that narrative plays a role “not only as a

methodological tool in understanding the features and process of a case, but also as a way that collective actors adapt, share and make sense of their political identities” (p. 661)<sup>27</sup>.

On the other hand, Jacobs (1996a) suggests that the usefulness of narratives is that they provide an effective device by which the significance of events can be considered and accordingly the understanding of the dynamics of civil societies can be elaborated by narrative analysis. The significance of an event may be detected in a chronological, cause-and-effect order of events. As noted by Jacobs,

Depending how they are defined, how they are linked together in a story or plot, and what determines their selection or exclusion into a particular narrative, events can have important consequences for social identities and social actions (1998, p. 141).

In such an order, some events are found to “have the power to disrupt prevailing systems of belief and to change understandings about other events in the past, present and future.” (Jacobs, 1996a, p. 1241). What is noteworthy is that the order in which events are presented in a narrative is not always a causal order. It is partly because the causal links between events are not unitary but multiple. It indicates that “the same event can be narrated in a number of different ways and within a number of different public spheres and communities. These competing narratives influence not only how individuals will understand an event, but also how they will evaluate different communities, including the idealized societal community described by Parsons (1971)” (Jacobs, 1996a, p. 1241).

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<sup>27</sup> Hart (1992, pp. 633-39) suggests that narrative form has the following roles; “1. Narrative is more than description; 2. Authors of narratives need not be intellectuals; 3. The narrative form may contain intelligence about political processes such as the motivations of mass publics to participate and of leaders to mobilize constituents; 4. Although segmented, the content of socially symbolic narrative is just as often synthetic.”

On the grounds of the above discussion, the following implications can be drawn. At first, it is found that the three cases in this research constitute narratives. Every case has a different narrative and furthermore, all three cases as events constitute one narrative in the process of informatization policy in Korea. As individual narrative, cases have space, time and actors. Actors and time for three cases can be summarized as follows:

**Table 3-1** Time and actors in three cases

	Time	Actors
Dispute over the electronic ID card	From April 1995 to February 1999. October 1996: the start of main debate	Ministry of Home Affairs, Ministry of Information and Communication, Joint Struggle Committee to protest privacy rights and against integrated Electronic National ID card, President-elect Kim Dae-jung, Scientific technicians, the Board of Audit and Inspection of Korea
Dispute over the NEIS	From January 2000 to December 2003. 2003: main period of the debate	Ministry of Education and Human Resources Development, the Korean Federation of Teachers' Association, the Korean Teachers and Education Workers' Union, the National Human Rights Commission, Education Informatization Committee
Dispute over credit information	From 1995 to 2007	Ministry of Finance, Korea Federation of Banks, the People's Solidarity for Participatory Democracy, The National Assembly

In every case, actors act for their goals. They exhibit various social action including media briefings, commentaries, manifestations, conferences, TV forums, events organized by actors and so on. In addition, as shown in Table 3-1, when policies for collection and storing

information are considered as one narrative, all three cases can be considered as significant events in the process of value change around informatization.

These cases contain narrative structure. As the narrative guides social practice, goals and movement, it likewise guides members of civil society to understand what is good and what is bad. Therefore, to see the narrative of the process of disputes over information-related policies in Korea helps to show when the tension of opposite codes in Korean civil society takes place and in which mechanism members of civil society attend the process of symbolic conflicts. For example, in the case of the electronic ID card policy, the National Intelligence Service story served as an important interpretive filter through which people evaluate ID card policy. By linking the historical distrust of the secret services and authoritarian governments by the military dictatorship to the electronic ID card policy, the opponents of the electronic ID card attempted to add the democratic code of human rights to the sacred, resulting in intensive symbolic conflict in the process of policy. Considering three cases as one narrative about informatization policy in Korea, a tentative conclusion is that the dispute over the electronic ID card policy changed people's understanding of informatization and affected social actions in the process of the dispute over the NEIS. As such, by presenting the overall narrative of three cases, this research aims to show how the existing values in a civil society experience changes through symbolic conflict cases as events.

### **3.3.3. Discourse**

Discourse as the linguistic concept is "passages of connected writing and speech." The argument for this concept is that it could not explain the important social aspects of discourse. A general concept of discourse in social theory and analysis is a group of meaningful

statements. For example, discourse, Foucault asserted, is a group of statements which provide a language for talking about – a way of representing the knowledge about – a particular topic at a particular historical moment” (Hall, 2001, p. 72). Such a concept indicates that discourse has the following characteristics: constitutive, practical and historical.

First, a discourse constitutes the object of social life. The object of social life is produced, transformed and reproduced in discourses (Fairclough, 1992, p. 4). As shown in the example of ‘madness’ as an object in the discourse,

mental illness was constituted by all that was said in all the statements that named it, divided it up, described it, explained it, traced its development, indicated its various correlations, judged it ... (Foucault, 1972, p. 32).

It indicates that discourse is related to reality actively rather than passively in the sense that it constructs meanings for reality (Fairclough, 1992, p. 42). Hence, it actively contributes to the construction of the topic and produces the object of knowledge.

Second, a discourse involves discursive practice. Discourse does not only affect “the way that a topic can be meaningfully talked about and reasoned about” but also the way that “ideas are put into practice and used to regulate the conduct of others” (Hall, 2001, p. 72). This view is well reflected in the Foucault’s emphasis on the relationships between knowledge constructed by discourse and power. In contrast to the view that social identities affect social practice, it is suggested that discursive practice influences and shapes social identities. It implies that social identities are affected by the language and meanings which are chosen and used. As Fairclough notes (1992, p.43),

[The subject is] not an entity which exists outside of and independently of discourse ....  
Statements position subjects, for example, teaching as a discourse activity positions those  
who take part as ‘teacher’ or ‘learner’ ...

Finally, a discourse is historically situated. It does not only have a specific historical context  
but also is open to historical change. For example, Foucault explains,

the object presented as their correlation by medical statements of the seventeenth or  
eighteenth century is not identical with the object that emerges in legal sentences or police  
action; similarly, all the objects of psychopathological discourses were modified from Pinel  
[1745-1826] or Esquirol [1772-1840] to Bleuler [1857-1939]: it is not the same illnesses that  
are at issue in each of these cases; we are not dealing with the same madmen (1972, p. 32).

It indicates that a discourse is dynamic and ever-changing from period to period and “a  
different discourse ... will arise at a later historical moment, supplanting the existing one,  
opening up a new discursive formation, and producing ..., new discourses with the power and  
authority, the ‘truth’, to regulate social practice in new ways” (Hall, 2001, p. 74).

The above view of discourse has been elaborated by Critical Discourse Analysis (hereafter  
CDA). CDA describes discourse, that is to say language used in speech or writing, as social  
practice. It implies that discourse is viewed as “a dialectical relationship between a particular  
discursive event and the situation(s), institution(s) and social structure(s), which frame it: The  
discursive event is shaped by them, but it also shapes them.” (Fairclough & Wodak, 1997, p.  
258; Wodak & Meyer, 2009, pp. 5-6)



By the same token, Fairclough (1992, p. 45) criticises the above view of social identities as an effect of discourse as a structuralist view. Instead, he points out a dialectical relationship between social identities and discursive practices. In other words, it is suggested that the subjects affected by discursive practices can have an influence on discursive practice. Hence, CDA suggests that discourse is not only socially constitutive but also socially conditioned (Fairclough & Wodak, 1997, p. 258; Wodak & Meyer, 2009, pp. 5-6).

An additional emphasis in CDA is the role of discourse in social change. For example, the change in discursive practices can be related to social change (Fairclough, 1992, p. 56). Along this line, Fairclough (1992, p. 65) asserts that discourse contributes “to reproducing society (social identities, social relationships, systems of knowledge and belief) as it is, yet also contributes to transforming society.” Hence, discourse is considered as “constitutive both in the sense that it helps to sustain and reproduce the social status quo, and in the sense that it contributes to transforming it” (Fairclough & Wodak, 1997, p. 258; Wodak & Meyer, 2009, pp. 5-6).

Another important issue in CDA is the relationship between discourse and power. As well described by Fairclough and Wodak,

Since discourse is so socially consequential, it gives rise to important issues of power. Discursive practices may have major ideological effects – that is, they can help produce and reproduce unequal power relations between (for instance) social classes, women and men, and ethnic/cultural majorities and minorities through the ways in which they represent things and position people (1997, p. 258; Wodak & Meyer, 2009, pp. 5-6).

Hence, CDA aims to “investigate how such [discursive] practices, events and texts arise out of and are ideologically shaped by relations of power and struggle over power; and to explore how the opacity of these relationships between discourse and society is itself a factor securing power and hegemony” (Fairclough, 1993, p. 135). van Dijk also stresses this by defining CDA as “a type of discourse analytical research that primarily studies the way social power abuse, dominance, and inequality are enacted, reproduced, and resisted by text and talk in the social and political context” (2001, p. 352).

In summary, it can be concluded that the relationships of discursive practices and social and cultural structures can be explored by the critical analysis of discourse. The above CDA’s perspective for discourse provides a good tool for social researches to investigate dynamics of civil society in the process of political controversies because these political debates are mainly preceded by discursive practices, events and texts.

#### **3.3.4. Media as a public sphere for discourse**

As discussed above, political discourse plays important roles in the enactment, reproduction and legitimisation of power and domination. In this regard, Ellingson asserts that “discourses are situated within a field of debate wherein speakers struggle with one another to establish meaning, earn legitimacy, and mobilize consensus on belief and action” (1995, p. 107).

Habermas ([1962] 1989) introduced the concept of a public sphere for private people as the public to solve political disputes through rational-critical discourse. In a modern society, the media is a significant public sphere in which critical discourse can be suggested, corresponded and debated. It is partly due to the publicity of the media. Furthermore, Ku

asserts that “media discourse necessarily encompasses the whole citizenry as an “imagined community” participating in the same discursive context” and hence “media is a sphere of the public” (1998, p. 174). The importance of the media in civil society is also insisted on by Alexander and Jacobs (1998). They point out two roles of the media in civil society as follows:

... not only as a space where information is circulated so that citizens can be well-informed voters (through that is certainly important), but rather as a cultural space where actors and events become typified into a more general code (e.g. sacred/profane, pure/impure, democratic/antidemocratic, citizen/enemy) and more generic story forms which resonate with the society’s culture ...News media plays a more immediate role, acting as a symbolic public forum for different individuals and groups, all battling for interpretive authority over a particular event. The role of binary oppositions is critical here; contrasts between purifying and polluting motives, relations, and institutions permeate news accounts, linking the presuppositions of civil society to the ongoing rush of social events. (1998, pp. 29-30).

Particularly, following Parsons’ (1971) view of civil society as a sphere of influence and commitment, mediated through public opinion, they maintain that the media plays a critical role in terms of public influence, identity and solidarity rather than as a provider of public information (1998, p. 26). As discussed in the previous chapter, such general codes may provide a stable system for evaluating actors and events and be used as rhetoric of persuasion in the process of debating.

In addition, Alexander (1988b, p. 108) indicates that media can be “a functional substitute for concrete group contact, for the now impossible meeting-of-the-whole” in modern society. In this regard, he argues that the media comes out in the process of social differentiation and “the more modern a society the more important its media (1988b, p. 108).” Therefore, it can be

concluded that the development of communication media may be an integral part of the rise of modern societies and media discourse is one of the major parts of political debates in modern societies.

### **3.3.5. Data**

The objective of this research is to show what cultural codes coexist in Korean society and how the tension of such codes takes place and is resolved, by investigating three debates over information-related policies in Korea. In chapter 2, it was suggested that Korean civil society has two distinctive codes, the so called developmental-industrial code and the democratic code. During political disputes, these codes are used as rhetoric of persuasion by actors. Therefore, the analysis of the process of disputes can show how the different codes in Korean civil society are used symbolically during the debate and how members of civil society are divided as the good or the bad.

The discussions in previous sections indicate that such codes and their changes, the corresponding social action and social change, and a dialectical relationship between them are well reflected in narratives and discourses. In particular, it is suggested that the media plays a critical role as a space to solve political disputes through rational-critical discourse and accordingly as a sphere for public influence, identity and solidarity.

For this reason, the main data for this research are drawn from narratives and discourses in media and are complemented by other data from alternative sources. Specifically, for the dispute over the electronic ID card and the NEIS, news articles, editorials, interviews, letters to the editor from daily newspapers and weekly magazines are sampled. In addition, press kits

by actors, manifestations by civil society associations, source books published by actors, and conference source book are sampled. For the dispute over credit information, with the above data sources, relevant acts, decrees, rules and regulations are used as other data sources because it has been conducted in the process of legislation.

## **Chapter Four**

# **THE DISPUTE OVER THE ELECTRONIC NATIONAL IDENTIFICATION CARD**

## 4.1. Introduction

One of the significant disputes over the information-related policies of South Korea is the controversy over the Electronic National Identification Card (hereafter electronic ID card) between civil society organizations and the Korean government. The dispute was centred on the invasion of privacy, in other words the surveillance of the private lives of people. The necessity of a large amount of personal information which the government's electronic ID card aimed to include and the possibility of leakage and abuse of the information stirred the debate. Accordingly, severe wrangling was inevitable between civil society organizations and the Ministry of Home Affairs (hereafter MOHA)<sup>28</sup>; the main body promoting the project of the electronic ID card (Lee Y. H., 1999, p. 182).

The electronic ID card plan was promoted by the MOHA which was in charge of resident registration. The resident registration system was implemented in 1975<sup>29</sup>. The resident registration system under the Resident Registration Act is not only the most fundamental system among state-enrolled systems, but also collects the most extensive personal information. It aims to register and manage the information on the residence and movement of individuals on the basis of the place of residence. A resident registration number to identify an individual is assigned by the government regardless of his/her intentions as soon as the birth is registered and is not permitted to be changed except in special circumstances.

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<sup>28</sup> As of 2012, it is equivalent to the Ministry of Public Administration and Security whose functions are as follows: 1. Planning and coordination office; 2. Organization management office; 3. Personnel management of office; 4. Informatization strategy office; 5. Disaster safety management office; 6. Local administration bureau; 7. Local finance and tax bureau. (<http://www.mopas.go.kr/gpms/view/english/about/about10.jsp> accessed 7 January 2012)

<sup>29</sup> A resident registration card was introduced in 1968 by Park Chung Hee's military government but the application for its issuance was not mandatory. In 1975, all Korean people whose age is not less than 17 years had legal obligation to apply for the issuance.

Fingerprinting is required to get the certificate of resident registration. To improve this system of resident registration and to change the existing certificate of resident registration was the objective of the planned electronic ID card (Jho W. , 2005b, p. 451). The basic plan was established in 1995 when the first civilian government, which was based on a political merger of authoritarian military forces and one democratic party, tried to improve the national competitiveness under the name of *Sekyewha* Policy (a total globalization policy). However, it was scrapped in 1999 as a result of severe debate between the government and social organizations. As such, the debate over the electronic ID card gives a good chance to explore what civil society would depend on for action and speech at the beginning stage of the transition toward democracy.

From the perspectives of the transition of the codes, such a debate involves intense signifying practices over the justification of a policy. In this regard, it is necessary to explore the cultural background to the introduction of the policy of the electronic ID Card, how the controversy started, according to what mechanisms the symbolic conflict of discourses around this dispute were constructed, and what cultural practices the results of this debate could imply? This investigation reveals how existing symbolic codes in civil society undergo change through conflict around new codes during the dispute over the electronic ID Card.

Taking the formation of the Joint Struggle Committee to protect privacy rights and against integrated Electronic National ID Card (hereafter JSCID) as a turning point in this controversy, the process can be divided into three periods. Firstly, there was little or no opposition during the introductory period following the announcement of the electronic ID card in April 1995 to the formation of the JSCID in October 1996. Heated dispute developed from the formation of the JSCID in October 1996 to the time of the presidential election in



December 1997. The last period is that from the presidential election to the abandonment of the project in February 1999.

## **4.2. The introductory period (April 1995 ~ September 1996)**

### **4.2.1 The announcement of the plan for the Electronic National ID Card**

Even though the basic plan was released to the public in April 1995<sup>30</sup>, it was in October of 1996 that social organizations started to voice opposition to the plan. As for its reasons, existing studies (Koh, 1997; Kim K. J., 1997; Kim M.-C. , 2004) have suggested the following factors: “strong technological and industrial background supporting the electronic ID card policy; lack of any privacy concern stemming from a collectivist tradition; awareness of national security due to the sharp military confrontation between North and South Korea; neglect of social justice due to intensified economic competitiveness; apathy to conventional top-down policy practices” (Kim M.-C. , 2004, pp. 206-7). The lack of response of civil society is related to the strong background cultural code of “developmentalism”. Thus, I suggest that discourses around the plan were mainly organised in terms of this symbolic code. To examine how Korean civil society understood the electronic ID card plan by means of the developmental code during the introductory period requires exploring the social background of the time.

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<sup>30</sup> The basic plan was submitted to the Cabinet Meeting before the release and the pilot test was implemented at the Chungang-dong of Kwacheon City from June 1995 to February 1996. The Committee of Administrative Reform advised the MOHA to replace existing paper resident registration card with electronic ID card in February 1994.

At that time, the Kim Young-sam government, as a civilian government which was based on a political merger of authoritarian military forces and one democratic party<sup>31</sup>, was stressing globalization under the pretext of the reinforcement of national competitiveness. ‘Globalization’ (*Sekyehwa*) was a new policy principle underpinning Kim Young-sam government’s aims. The term ‘globalization’ was not only “used to express the national pride of successful economic growth,” but also “presented as a guideline for state policy that is to advance into the world” (Shin K.-Y. , 2000, p. 430). The social situation of that time was well expressed by a series of popular public service adverts which began in 1994: “my rival is a German housewife,” or “my rival is a Danish farmer,” or “who is your competitor?” One of the exemplary cases of such globalization policies was joining the OECD in 1996. The government announced that per capital GNP had exceeded ten thousand US dollars and that Korea had become a member of rich countries club. “The membership of the OECD was advertised as a symbol of achievement for the globalization policy of the Kim Young-sam regime (Shin K.-Y. , 2000, p. 431).” Consequently, the intensification of national competitiveness via globalization was accepted as a thing having a sacred value in Korean society of that time.

With this social atmosphere, the plan for the electronic ID card was launched in June 1996. It aimed to integrate seven different certificates into one multi-function device with forty two items; residence registration card, medical insurance card, driving license, national pension card, resident register, certificate of seal impression and personal fingerprints. Table 4-1 shows the expected structure and items of the electronic ID card (Ministry of Home Affairs, 1996; 1997). Its initial schedule was to issue electronic ID card for all Korean people aged 17 and over by 1998 (Ministry of Home Affairs, 1996).

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<sup>31</sup> See the detailed discussion in the Section 2.2.1.

**Table 4-1** The expected structure and contents of Electronic National ID Card

	<b>Legible items on the card</b>	<b>Items in an embedded microchip</b>
Resident registration	Name, Picture, Resident registration number, Address (Place of issue), Date of issue	Name, Picture, Resident registration number, Address transfer history per person and personal household, Personal data (household head's name, head of family, etc.) Identification data (contents undecided), Family, Household, Military service, Verification, Others (bloody type, etc.)
Driving licence	Licence type, Licence number, Licence condition, Aptitude test period	Licence type, Licence number, Issuing authority, Licence condition, Aptitude test period, Date of issue, Penalty points, Suspended or revoked
Medical insurance		Insurer code and name, Insurer type, Registration number, Insured person, Dependents, Date of acquisition or loss of eligibility, Medical treatment region, Terms of validity
National pension		Initial date of coverage, Insured type, Total amount of contribution, The number of insured months, relationship to the insured, Registration number, Relationship to the insured, Registration number, Types of benefits, Date of entitlement, Benefit certificate number, Date of the last revision
Seal		Seal
Fingerprint	Fingerprint	Fingerprint trait
Authority of issue	Authority of issue	Authority of issue
<b>Total</b>	<b>12 items</b>	<b>42 items</b>

- Reference: Reorganized by author on the basis of MOHA (1996; 1997, p. 50) and Kim K. J. (1997, p. 109)

In the sense that the new electronic ID card was a multi-function card rather than a simple extension of the current paper ID card, the goal of this card's launch was explained as the improvement of public convenience as well as a benefit for government, through the reduction of administration costs and intensification of administrative efficiency (Ministry of Home Affairs, 1996). It was designed as a smart card with an IC chip that would be able to contain a large amount of personal data and which could be easily connected to other main databases. This led to the government proclamation that the new ID card was the most advanced version in the world.

Contrary to the lack of response from civil society organizations, the plan had support from the media with an emphasis on administrative efficiency and huge interest for being the first of its kind in the world. Overall reporting over the electronic ID card by most newspapers at the time of announcement (18 April 1995) shows that the media recognized the plan as one which could enhance administrative efficiency and which represented a significant development of technology. For example,

On the front side of the electronic ID card with a nail size IC chip, name, resident registration number, picture, date of issue and issuing authority will be shown. On its rear side, medical insurance, a driving licence, and a seal impression registered are written and forgery or alteration become impossible. If the issues of the electronic ID card are completed and then card readers are installed in companies and schools as well as all public institutions, hospitals and police offices, it can be used conveniently for the identification and issuing of various certificates. The MOHA states that "if the electronic ID card is widely used, it will have the effect of reducing annual expenses by 1 trillion Korean won and a reduction of

5000 public servants, as the card can replace the copies and the abstracts of resident registration of 170 million papers every year” (*JoongAng Daily*, 18 April 1995).

In addition to the focus on convenience, efficiency and reduction of expenses through the plan, another attention was paid to the link between the electronic ID card and informatization.

The electronic ID card which the MOHA has decided to run from 1998 is the advanced high-tech identification card which can contain a great deal of information. It shifts away from the notion of the existing identification card whose function is limited to simply identifying a person (*The Hankook Ilbo*, 18 April 1995).

What is noteworthy is that in the introductory period, the characteristics of media reports did not depend on the ideological orientation of the media outlets themselves. Positive comments were made by liberal newspapers as well as conservative newspapers, including three major daily newspapers<sup>32</sup> (*The Chosun Ilbo*, *JoongAng Daily*, and *The DongA Ilbo*). For example, when all articles of one liberal daily newspaper (*The Hankyoreh*) and three major conservative newspapers during the introductory period are analyzed, it is found that just one article reported in a detailed way the negative aspects of the electronic ID card plan. Interestingly, it was an editorial of *The Chosun Ilbo* (19 April 1995), a conservative newspaper, pointing out the problems of the electronic ID card, such as the invasion of privacy and the intensification of state power. As such, the introduction of the electronic ID card was reported as a proper system to enhance national competitiveness in the era of globalization. The media mainly addressed various advantages, such as convenience, efficiency, and the reduction of administrative cost rather than drawbacks of the potential problems of the technology.

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<sup>32</sup> They are family-owned and constitute 75-80 percent of Korean newspaper readership (Chang, 2005b, p. 394).

In sum, during the introductory period, the electronic ID card policy was mainly described as having two objectives, namely the improvement of administrative efficiency and the promotion of informatization. It indicates that the acknowledgement of the electronic ID card was based on the development code in the introductory period. The MOHA used the developmental code to justify the electronic ID card plan, which is in line with Alexander and Smith's suggestion (1993) that actors in civil society use symbolic codes to persuade people. At first, it was promoted as a tool for a reform of administration, what is called the downsizing of the structure of local administration. The notion stressing administrative efficiency was well expressed in the following address of Park Dong-Seo, the chairperson of the Presidential Commission on Administration Reform.

It is desirable to abolish village offices or to convert their function to welfare centres, libraries or medical centres. ... if the electronic ID card is put in operation, the village offices will not be necessary any longer because we can access administrative services with our electronic ID card all over the country (*JoongAng Daily*, 19 April 1995, p. 22).

According to the MOHA, the electronic ID card was assumed to have many advantages such as the reduction of issuing administrative documents, the curtailment effect of administrative expense and the growth effect of the semiconductor industry. It was regarded as secure and multifunctional, compared to the outdated existing certificate of resident registration which was not only easy to forge, but also too simple in its functions. In this regard, it was asserted that its total effects amounted to almost seven trillion Korean won in terms of economic value (Ministry of Home Affairs, 1997; Lee Y. H., 1999, p. 183).

Next, the electronic ID card was supposed to be a sign of progress in the context of the policy of informatization promotion. On the 12<sup>th</sup> of June 1996, after one year and two months from the first announcement of the project of the electronic ID card, the government made public the basic plan of informatization promotion with the electronic ID card as a major stepping-stone. The detail plan for the electronic ID card was specified in the plan of informatization promotion: the electronic ID card combining resident registration card, driving licence card and medical insurance card would be issued in 1998 and it would be possible to deal with all services of civil appeals at home by 2000. In particular, this plan of informatization promotion aimed to link all networks in the country, which implied connection of all universities, research institutions, and primary, middle and high schools with a super highway Internet network by 2002 (*The Hankyoreh*, 12 June 1996, p. 2).

A campaign slogan of one of the leading daily newspapers, which well described the social circumstances of that time, was that “although we are behind in the industrialisation, [we] are ahead with informatization (*The Chosun Ilbo*, 5 March 1995).” From this discourse, the inference can be drawn that the code seeing informatization in Korean civil society of that time was the developmental code driving industrialisation forward into post-industrialisation.

As the electronic ID card was emphasized as one way of implementing the plan of informatization promotion, an ambiguous fantasy about informatization arose. The common view in the media was that the electronic ID card would bring both informatization and globalization, and informatization would improve the quality of life. It is well illustrated in a column of the newspaper which was presented by Kim Jung-woong, a chairperson of Hyundai economy research institution.

... *informatization* and *globalization* will be one of the important factors to judge the quality of a resident's life in the period of local self-government within one or two years. Now, *we are preparing for the information age with some projects, such as the plan of the Electronic National ID card at the governmental level.* ... at the information society, those who have problems with getting information will become the disadvantaged, so it will be a welfare benefit for government to teach and adjust them (*The Chosun Ilbo*, 16 June 1996).

This logic of explanation highlighted a positive feature that the electronic ID card was a proper method to inaugurate the information age and to stimulate the diffusion of informatization among the public. It entailed the argument that the establishment of the foundation of information-communication industries and cutting-edge industries would lead to an economically developed country and would make an improvement in public life. Hence, it may be concluded that this argument represented the developmental code of Korean civil society, or at least its organised and 'official' sectors, about informatization at that time.

In conclusion, from the introduction of the electronic ID card in April 1995 to the formation of the JSCID in October 1996, the electronic ID card had strengthened its status as a new device that could solve the problems about disaggregated and inconveniently held information and give the most advanced administrative services in the world. The electronic ID card was accepted as inevitable in the information age. Furthermore, the connection with the policy of globalization reinforced its place, because it was reported that the most advanced version in the world would be implemented and Korea could be a leading country in information technology development as well as globalization. At that time, informatization policy in Korea was related to the globalization policy in that Kim Young-sam government promoted informatization to reinforce national competitiveness and stimulate economic growth.



#### **4.2.2 The structure of discourses in civil society in the introductory period**

On the basis of the previous overview, with Alexander's approach (1988b; Alexander & Smith, 1993) the symbolic system of civil society concerning the debate about the electronic ID card in the introductory period can be summarised as follows. As shown in Table 4-2, the developmental code, such as efficiency and convenience was the main symbolic code behind the debate in the introductory period. As the codes to judge the information-related policies had not been settled in Korean society yet at that time, the implementation of the electronic ID card was successfully justified only by the developmental code. It may indicate that the values based on economic growth led by the government were not rejected by Korean civil society. Within this discursive structure, the old paper certificate of resident registration which does not include much information was regarded as old-fashioned and inappropriate in the information age. In contrast, the electronic ID card was accepted as a new policy that could promote the country to a developed country in the globalization age as it was considered an efficient contributor to information-technology development.

### **4.3. The period of debate (October 1996 ~ December 1997)**

#### **4.3.1. The unfolding process of debate**

After the introductory period, it was when the objection to the electronic ID card was presented in an international seminar that the debate changed in a fundamental way. The decisive moment was the MacBride Roundtable held in Korea in August 1996. The MacBride Roundtable is the common name for the committee of international communication research which was set up by the decision of the UNESCO general assembly.

**Table 4-2** The symbolic system of the dispute over the electronic ID card : The introduction period

<b>The structure of the dispute over the electronic ID card in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Policy	Old certificate of resident registration	The globalization policy The basic law of informatization promotion The policy of Electronic National ID Card
Discourses	The inconvenience of information access People's inconvenience of administrative dealings The late modernization The inconvenience of holding various ID cards	The convenience of information access People's convenience of administrative dealings The early informatization The improvement of quality of life Much information in one card
<b>The structure of cultural system in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Culture(code)	Anti industrialisation  Inefficiency Slow Irrationality Inconvenience	Industrialisation Informatization Efficiency Fast Rationality Convenience

At this international seminar, the opinions on problems of the electronic ID card, such as the issues of privacy invasion, abuse of personal data and violation of human rights, were presented. Joohoan Kim, one of speaker of this seminar, criticized the electronic ID card project as follows:

The real dangers stem less from the Card itself than the vast database entailed by the Card system. The comprehensive database of integrated personal information of the whole

population will create the “mass dataveillance” (database + surveillance) system that Clarke warned a few years ago (Kim J. , 1996, p. 169).

Afterwards, the opposition to the system started to rise in various sectors of civil society. In the course of this process, the JSCID was formed by 16 civil society organizations<sup>33</sup> which were opposed to the electronic ID card. The JSCID played an important role in the anti-ID card movement. Public opinions against the electronic ID card were disseminated via various declarations and forums. For example, the forum (2 November 1996) by the JSCID and a forum (16 June 1997) by the Korean Bar Association helped the public to recognize the problems of the electronic ID card. Due to the activities of the JSCID, their arguments started to appear in the mass media. The media which had not mentioned any risks associated with the electronic ID card before began to present debates between the JSCID and the MOHA. In particular, *The Hankyoreh* which is a liberal daily newspaper presented a great deal of coverage about the problem of the electronic ID card from October 1996. In addition, the activities of the movement against the electronic ID card led most conservative daily newspapers to start to report the arguments against it.

According to a study by Park S. H (1999) who analyzed daily newspaper articles relating to the electronic ID card, dividing the period from April 1995 to September 1996 and from October 1996 to March 1998, the contents of media reporting revealed a notable difference between these periods. From Table 4-3, it can be seen that the discursive structure in a civil

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<sup>33</sup> They are the Union of Science and Technology Workers, the Coalition for Labour Informatization, the Lawyers' for Democratic Society, the Confederation of Intellectuals for Democracy and Progress, Social Information Network Group, Minkakyup Human Rights Coalition, the YMCA, the National Union of Press, the People's Solidarity for Participatory Democracy, the Human Rights Committee of the Catholic Church, the Youth Action Group for Information Culture, the Human Right Committee of the National Council of Churches in Korea, National Association Professors for Democratic Society, Korea Young Men's Association of Science and Technology, and Forum for Kwacheon Citizen.

society before the formation of the JSCID concentrated on administrative efficiency, the improvement of public convenience, and issues around informatization. However, after October 1996, the focus of media had changed to the concerns about the invasion of privacy and intensification of surveillance and control.

**Table 4- 3** Content analysis of articles related the electronic ID card

Contents of articles	April 1995 ~ September 1996 The frequency (%)	October 1996 ~ March 1997 The frequency (%)
Administrative efficiency and cost reduction	48(85.7%)	49(56.9%)
Public convenience	33(58.3%)	23(26.7%)
The diffusion of informatization	11(19.6%)	6(6.9%)
The invasion of privacy	5(8.9%)	68(79%)
The intensification of surveillance and control	2(3.5%)	45(52.3%)
The number of articles which were used in analysis	56(100%)	86(100%)

- The frequency number was calculated including all items covered.
- Reorganized by author on the basis of Park, S. -h. (1999, p. 51).

With the mobilisation of public opinion against the electronic ID card facilitated by civil society organizations, the electronic ID card began to emerge as a hot issue for Korean society. The JSCID published a data collection against the electronic ID card in April 1997. It also announced manifestos and held a symposium (2 November 1996) to initiate issues over the invasion of privacy, surveillance and control by the government. Special symposia by the Korean Bar Association (16 June 1997) and the Human Rights Committee of the Catholic

Church (30 June 1997) provided an opportunity to enhance public awareness of legal and social problems. In particular, the symposium by the lawyer's association contributed to the conversion of the dispute over the electronic ID card to a social debate as members of the Home Affairs Committee in National Assembly attended the symposium by request. (Lee Y. H., 1999, p. 184). The symposium provided an opportunity for lawyers to join in the construction of opposition opinions. The detailed process of the movement against the electronic ID card is summarized in the Appendix 4-1, the chronology of the dispute over the electronic ID card.

With growing pressure from action groups and worsening public attitudes, the bill was presented to the Home Affairs Committee on the 14<sup>th</sup> of July 1997. The committee held a public hearing on that day, reflecting that it had become a socially controversial issue. At the public hearing, two experts, who were introduced by the ruling party, argued that the introduction of the electronic ID card did not infringe privacy and basic rights and could be one of the bases of the infrastructure for an information society. In contrast, two experts representing the opposition parties emphasized that it could lead to intensified surveillance by the government and an effective protection of privacy could be achieved by keeping fragments of personal information separately (The National Assembly, 1997). Afterwards, the bill was referred to the sub-committee of the Home Affairs Committee for detailed examination. On the 14<sup>th</sup> of November, 1997, the sub-committee reported to the Home Affairs Committee the motion which two members from the first opposition party voted against. The motioned bill excluded some items of the electronic ID card. The contents of the driver's licence, the certificate of medical insurance and the certificate of national pension were not included and the certificate of one's seal impression was left up to individual's choice. The motion was passed at the Assembly plenary session, despite the opposition party's objections

to it (17 November 1997). However, the anti-card campaign continued because the substantive issues associated with the electronic ID card, for example, the invasion of privacy and intensification of surveillance and control, were not resolved even if the number of recorded items was decreased.

#### **4.3.2. Content of debate**

##### **4.3.2.1. The assertion of opponents**

The arguments of the opponents, including the JSCID, can be summarized as follows<sup>34</sup>. One type of the argument was related to the issues of privacy invasion and the risk of leaking or hacking personal information. Another argument was connected with the high possibility of the intensification of surveillance and control by the government. It was argued that the electronic ID card was more likely to reinforce the control function of the existing certificate of resident registration, which was a vestige of a dictatorial government, and to intensify this control because personal information could be combined by the unification of certificates. Third, the insufficient legal basis for the card was criticized in the sense that it did not follow the six recommendations of OECD Guidelines<sup>35</sup> for the protection of privacy. Fourthly, the probability of inconvenience rather than convenience was suggested. The fact that the electronic ID card would provide the infrastructure for accessing electronically all social services might cause severe difficulties in the case of the loss of the electronic ID card or security number. Fifth, the feasibility of the advance to information-oriented society was

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<sup>34</sup> This summary is primarily based on Hong (1997).

<sup>35</sup> The OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data are 1 Collection Limitation Principle, 2 Data Quality Principle, 3 Purpose Specification Principle, 4 Use Limitation Principle, 5 Security Safeguards Principle, 6 Openness Principle, 7 Individual Participation Principle and 8 Accountability Principle. ([http://www.oecd.org/document/18/0,3343,en\\_2649\\_34255\\_1815186\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_34255_1815186_1_1_1_1,00.html) accessed 1 June 2011).

challenged. It was suggested that more importance should be laid on what the priority of governmental policy for informatization should be. Also, it was insisted that the electronic ID card could not reduce dramatically the administrative cost as the government argued, because it needed other work to bring it into being (Lee S.-j. , 1997, p. 28)

Public opinion in a civil society against the electronic ID card, then, concerned apprehensions about privacy invasion and loss of informational human rights. In particular, the fact that the National Intelligence Service would take part in the encoding of the electronic ID card reminded people of past experiences of dictatorial governments and how governmental control might work. This concern was represented in the media reporting at the time. A specialist in cryptology warned as follows:

It is natural for the National Intelligence Service to be willing to replicate the master key for the databases of the major 7 ministries ... it will not be a long time before the staff of the National Intelligence Service can look through everyone's personal information at his/her own office (*The Hankyoreh*, 7 March 1997).

As the distrust of the secret services and the police stemmed from the historical experience of Koreans, the concern about governmental control with the monopolization of information could be suffused with disbelief about government motives. It led to the concern that the country could become a police state. It was shown in the Declaration of the JSCID:

We have been cautious that this electronic ID card had high possibility of privacy right infringement and the information monopolization by the government can produce a severe imbalance in the relationship between state power and civil society. In particular, we express grave concern that our society would be likely to degenerate into *a police state* that can

control people because our society has no established framework and practice for information right protection (Press release from the JSCID, 18 November 1997).

People were worried that all information would be stored in a digitalized form with an identification code and accordingly could be easily and accurately searched and compiled with other information within the network databank. More concern was that such jobs would be at the government's disposal without the limitation of time and space. It was revealed clearly in the JSCID' Data Collection's title, *the Coming of the Electronic Surveillance Society*. As a result, the argument that the surrender of freedom would result in ordinary life being controlled by power came to be disseminated in a civil society.

... the anxiety of opponents warning of the electronic panopticon could not be eliminated. It seems to reach the situation that *all citizens become criminals without committing a crime and are locked in the microchip rather than in the iron bars of prison* (Lee G. P., 1997).

The concern about governmental control opened a discussion that the policy of the electronic ID card itself could threaten democracy. It was argued that the invasion of privacy, the information intensification and the obscurity of information management by the government could violate the basic rules of democracy.

The reason why it [the electronic ID card] is the first in the world is that developing countries with authoritarian remnants do not possess resources and technology for this system while developed countries with them have a deep-rooted people's concept and institutions regarding the protection of privacy against this system (*The Hankyoreh*, 6 June 1997).



#### 4.3.2.2. The assertion of proponents

The government's opinion for the enforcement of the electronic ID card can be summarized as follows<sup>36</sup>: Basically, as the system of resident registration was introduced in the perspective of administrative business management by the government, it was an essential system to protect governmental security and to enhance public welfare. Furthermore, the electronic ID card would contribute to improve its efficiency.

The government contradicted the anti-campaign's arguments. First, as for concerns about privacy invasion, it insisted that the content of the electronic ID card could be accessed only by the qualified institutions and the minimum items included in the electronic ID card by related laws, such as data relating to people's status and qualifications. So, the government asserted that the possibility of infringement of basic rights might be very low and particularly, the more problematic items relating to privacy invasion were now to be excluded. Also, it was emphasized that the system of the electronic ID card had a security system with the latest technology in order to be protected from hackers.

The government tried to link the electronic ID card to an information-oriented society and asserted that the electronic ID card was a well-matched system to the requirements of information society. It also insisted that the rejection of it by opponents was due to ignorance of technology. It also took the stance that the leaking of information and hacking could be prevented by technology. The discourse below expressed that the electronic ID card could keep up with the changing of the times.

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<sup>36</sup> It is primarily based on Jang Young-whan (1997), a public officer in planning department of the electronic ID card.

The project of the electronic ID card will *be necessary in pursuit of the flow of information age*. And it is possible that if the problem is revealed, it will be complemented institutionally as well as technologically (*The Hankyoreh*, 15 July 1997).<sup>37</sup>

There is nothing but *ambiguous objection caused by the lack of technical understanding*. However, this ID card is merely the combination of a certificate of resident registration, a certificate of medical insurance and a driving licence and so on which are brought separately (*The Chosun Ilbo*, 4 December 1996).<sup>38</sup>

Proponents of the electronic ID card plan optimistically anticipated the future after the electronic ID card was implemented:

One day in January of 1998, in an emergency room of the Seoul National University Hospital, a person was taken in an ambulance from a car accident and the medical history was seen on screen immediately as soon as the electronic IC card was inserted into a card reader. It showed that the person had an adverse reaction to penicillin and a rare blood type RH-. The person in danger was saved by paramedics taking emergency measures on the basis of such information. This would be one scene which shows the use of the electronic IC card replacing (paper) resident registration certificates of 34 million people in the coming 1998 (*JoongAng Daily*, 10 December 1996).

Second, it contradicted the concern about the surveillance and control by government. It was suggested that the limit on access could prevent the intensification of information control. The government argued that abuse of personal data could be detected technically and the protection committee of the electronic ID card was tasked to investigate abuse of data.

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<sup>37</sup> This is an opinion of Hwang Jong-sun, a Professor of computer engineering department at Korea University.

<sup>38</sup> It is the announcement of the MOHA.

Regarding the electronic ID card's loss, it was asserted that the risk of loss could be reduced, because the obligation of possessing it was removed in the new revised bill and it was a requisite only for some occasions, such as in a bank or hospital.

Proponents stressed the benefits, such as efficiency and convenience rather than the problem of this system. It was well expressed in the assertion of a public officer of the MOHA (Jang, 1997). His illustration about the efficiency and cost reduction was that Korea would need only one day and little cost to make a voter's list for the National Assembly owing to the computer network of resident registration, while Japan spent a total six trillion yen for 3 months. Moreover, he stressed that if the system of electronic ID cards were to operate it would reduce costs hugely and gives better administrative services than the existing resident registration system. Such a contention of the MOHA was depicted in the media as follows:

If the electronic ID card is launched, *the direct administrative cost* for issuing the certified copy and abstract of resident registration, which amounts to one trillion won annually, as well as *the indirect cost will cut down dramatically*, because the certified copy and abstract of resident registration can be issued via self-service machines that will be set up at public places, such as banks, schools, department stores, and subway stations (*JoongAng Daily*, 4 November 1996).

Third, as for the insufficient legal base, the government maintained that it was promoted on the basis of the resident registration law and would revise the related laws of 1997. It supported the notion that the policy could be enacted with the revision of existing law, since the data of the electronic ID card was managed separately by each individual ministry.

In conclusion, the argument in the civil society in favour of the electronic ID card policy was still represented broadly in two ways; the electronic ID card was not only linked to the information society, but also could accentuate efficiency and convenience. On the basis of the above review, Table 4-4 depicts the opinions of advocates and opponents of the electronic ID card.

**Table 4-4** The contents about the dispute between advocates and opponents

	Against the electronic ID card	In favour of the electronic ID card
<b>Actor</b>		
	Civil society associations like the JSCID The Lawyer's association The Human Rights Committee of the Korean Catholic Church	The MOHA The Ministry of Information and Communication Scientific technicians Private enterprises
<b>Contents</b>		
The invasion of privacy	The leakage of personal information will increase. The damage from errors of computation records will grow.	It can be protected with the newest technology. The illegal data leakage and hacking are punished institutionally according to the related laws and regulations.
The intensification of surveillance and control	It worsens the problem of the certificate of resident registration. The personal information is concentrated and control with the integrated certificate is intensified.	The information concentration can be protected institutionally The access is limited. A committee for data protection of the electronic ID card will be established.
Insufficiency of legal bases	The related laws and regulations are insufficient. The international standards are not satisfied.	The legal ground is enough as the resident regulation law and the related laws are revised within 1997.

Problems of usage	<p>The difficulty of social activity can happen when it is lost.</p> <p>There are many people who cannot memorize an ID number</p>	The risk of loss is reduced as the article of obligatory possession was deleted.
Proficiency and convenience	<p>The self-machine will be set up in only village offices because of the problem of personal information drain.</p> <p>The governmental human power cannot be diminished. It was not reduced despite of computerization.</p>	<p>It is convenient as the certified copy and abstract of resident registration can be issued via self-service machines at public places. It is possible to confirm their seal with the electronic ID card in banks and so on.</p> <p>There is a convenience of possession as it integrates many cards.</p> <p>The administrative human power is reduced.</p>
<b>The contents of symbolic conflict in civil society</b>	<p>Privacy is invaded.</p> <p>The degrading human rights caused by control intensification of government are concerned.</p>	<p>It is a main stream of information age.</p> <p>It improves convenience and efficiency.</p>

#### **4.4. The final period (December 1997~February 1999)**

##### **4.4.1. The transformation of the situation and abandonment of the electronic ID card**

The dispute over the electronic ID card in civil society strongly affected politics, so the electronic ID card was selected as one of the main topics of TV debate for the presidential election (14 December 1997). Although all three presidential candidates expressed their concern about the electronic ID card, only Kim Dae-jung, a candidate of the opposition party, opposed it outright. The other two candidates followed the opinion of supporters that it would

be possible to be implemented, if the technical points were resolved in order not to invade privacy. Kim Dae-jung, who had suffered from surveillance and wiretapping during the past military regimes, declared an objection to the project with reasons such as the protection of privacy and human rights.

I do not agree with this system in principle. It should be cautious because if we only consider the governmental convenience and administrative ability, it will result in *neglecting privacy and human rights*. Furthermore, nowadays this country cannot ensure people's private life as phone-tapping is prevalent and diffusing the secret of saving. So, I believe if it came into operation, *the privacy of all people would be violated greatly*. ... I would like to say that, in principle, I don't agree.<sup>39</sup>

Then Kim Dae-jung won the presidential election in 1997. At that time, Korean society was in the middle of a financial crisis and the President-elect Kim Dae-jung was regarding himself as a president ready to tackle the economic crisis. Under this critical situation, the Kim Young-sam government and its globalization policy that might be regarded as the cause of the financial crisis took the place of the profane in the symbolic system of civil society.

In this context, on the 30<sup>th</sup> of December 1997, the Declaration of the JSCID shifted its opposition to the large amount of budget and the operating equipment to be imported, rather than the invasion of privacy, the protection of human rights and the intensification of surveillance which had up to then mainly been debated. As such, it is noteworthy that the developmental code was now also used to oppose the electronic ID card project at this time. The benefits of the plan supported by developmental code, such as the reduction of cost, were

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<sup>39</sup> It comes from the discussion records of presidential candidates (14 December 1997).

re-evaluated. The electronic ID card was linked to the situation of Korean society suffering economic hardship supervised by the IMF.

The policy of the electronic ID card has other problems apart from the things discussed earlier we consider in our new situation where we have to worry. ... in circumstance a large scale of budget cut is required. ... *The project of electronic ID card is the first to be scrapped.* ... It is necessary to have various new technologies and equipment for operation but *most of them are not domestic products* (Press release from the JSCID, 30 December 1997).

In January 1998, it was reported that the Presidential Transition Committee had asked the Board of Audit and Inspection to investigate the MOHA for its illegitimate use of the budget for the promotion of the electronic ID card. Both the National Intelligence Service and the police were also implicated.

In February, the Presidential Transition Committee requested the MOHA to ban the execution of the budget as it was suspected of budget illegalities before confirmation of the project.

The Board of Audit and Inspection audited intensively the actual condition and validity of the electronic ID card project from April. As a result, it was revealed that the MOHA had misused the budget. So, the policy of the electronic ID card became one of the faulty policies relating to the financial crisis brought about by the Kim Young-sam government. The project of the electronic ID card was stigmatized rapidly.

By July 1998, the Board of Audit and Inspection pointed out that the project of the electronic ID card had no validity in comparison with required budget and recommended the total re-examination of this project.

Consequently, the MOHA decided to defer the project of the electronic ID card taking national economic crisis into consideration. Finally, the new government announced the abandonment of the whole project in February 1999.

#### **4.4.2. The structure of discourses in civil society in the final period**

On the basis of symbolic conflict over the electronic ID card in a civil society, it can be concluded that Korean society realized that the value of the protection of privacy, informational human rights and democracy were more important in information society and it affected the cultural system of Korean civil society.

The result of the dispute shows that both democratic codes, such as privacy, democracy and human rights, and existing industrialisation codes, such as rationality, efficiency and fastness, started to coexist in the value system around informatization.

It can also be illustrated that the existing values around the electronic ID card in Korean civil society had undergone change through symbolic conflict during this period. Table 4-5 shows the symbolic system of the Korean society after the controversy over the electronic ID card. Compared to the introduction time at May 1995 (Table 4-2), it was found that a more complicated value system was set up in a civil society after this debate (Table 4-5).



**Table 4-5** The symbolic system of the dispute over the electronic ID card : The final period

The structure of the dispute over the electronic ID card in civil society		
	The Bad	The Good
Policy	The policy of resident registration The policy of Electronic National ID Card	
Actor	President Kim Young-sam The National Intelligence Service The IMF	The President-elect Kim Dae-Jung The JSCID The Board of Audit and Inspection
Discourses	The prisoners of electronic panopticon locked in microchip The electronic surveillance society The invasion of privacy Degrading human rights The intensification of information by the government and police The use of imported equipments and technology which spent lots of budget The illegal execution of budget	The protection of privacy  The diffusion of information  The reduced budget to overcome IMF
The structure of cultural value system in civil society		
	The Bad	The Good
Culture(value)	Dictatorial government Information control The difficulty of economy Corruption  Inefficiency Slowness Irrationality Inconvenience	Democracy Information rights The recovery of economy Justice Human rights Privacy Informatization Efficiency Fastness Rationality Convenience

On the other hand, it is worthy to note that the economic situation of that time as well as Kim Young-sam government and the financial crisis played a crucial role in placing the electronic ID card to the bad in the symbolic conflict.

#### **4.5. Conclusion**

Alexander (1993, pp. 293-4) suggests that “because both action and its environments are indelibly interpenetrated by the nonrational, a pure technically rational world cannot exist, so this prototype of modern technology has been caught within a deep and traditional cultural web.” His argument provides insight into the exploration of a new social situation like informatization based on new information technology. Meanwhile, Castells points out that the essential struggle in the network society “lie in the redefinition of cultural codes in the human mind” (2000, p. 140). It implies that a new social change caused by informatization can also be interpreted within the existing cultural system.

The ID card was promoted without any opposition from civil society, but a year and a half later was terminated because of their strong objections. From the perspective of the social movement theory, it is not clear why the civil society position on the ID card debate changed given the dramatic growth of civil society movements in Korea in the 1990s. It needs more systematic analysis of structural changes.

Along these lines, this chapter has borrowed the framework of tradition of codes to examine the dispute over the electronic ID card in Korea. In the sense that the debate period was between April 1995 and February 1999, it showed how existing codes underwent change at

the beginning stage of the transition toward democracy in Korea. On the basis of the above discussion in the process of the debate, some implication can be drawn as follows.

First, it can be noted that Korean society has multiple codes. The debate over the electronic ID card can be described as a collision of two codes that are characteristic of a civil society; the developmental code of efficient administration, convenience to the people, information and national competitiveness versus the democratic code of human rights and privacy. The dispute over the electronic ID card also shows that the co-existence of multiple codes in civil society involves a potentially symbolic conflict.

Second, it can be concluded that the classification of the sacred and the profane is not absolute and can be subject to change through the process of symbolic conflict in a civil society. In Korea, the government-driven economic development regarded the industrial code of efficiency as sacred. In this context, at the initial stage of the debate, the policy could be accepted without any opposition. However, in the course of the debate, the democratic code of human rights was added to the sacred. Hence, both the developmental code and the democratic code had a sacred status. The electronic ID card as a particular sign became signified by the developmental code in the initial stages, but a year and a half later became re-signified by the democratic code, losing much of its justification.

As suggested by existing studies, the lack of response of civil society in the initial stage may have been influenced by the Confucian legacy of virtuous government in government-led informatization. This argument may lead to the explanation that opposition from civil society in the following stages came from the destruction of a virtuous government image. However, this argument provides few explanations of why the virtuous government image was

destroyed. Hence, I argue that it is more appropriate to explain the lack of response of civil society to the electronic ID card as related to the developmental code of informatization which might be reinforced by the Confucian legacy of virtuous government. Along these lines, the scrapping of the electronic ID card is the result of the ID card policy's resignification by the democratic code.

Third, it can be found that the democratic code has the tendency to be dominant in the early stage of the transition toward democracy in Korea. However, following the research drawing on multiple discourses and multiple codes<sup>40</sup>, Korean civil society at that time which was an unsettled and less established civil society would face a challenge to the validation of a dominant code.

Fourth, it can be suggested that the dispute over the electronic ID card provided a decisive moment for civil society organization to become more aware of the privacy issue. Various civil movement groups including religious organizations, lawyers' association and professors' groups started to pay more attention to information rights in the information age. For example, the Progressive (*Jinbo*) Network which formed in November 1998 published a newsletter regularly. It may indicate that informatization in Korea would depend on democratic code as well as developmental code and accordingly democratic value may not be sacrificed for the sake of developmental value. What is noteworthy is that the significance of the ID card in today's Korea cannot be neglected. A resident registration number has been prevalently used to identify an individual in various areas of Korean society; in the private sector as well as in the public sector and in transactions online as well as offline. Because a resident registration number has been employed as a reference key, information on individuals has been

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<sup>40</sup> See the discussion in section 3.2.2.

transformed into database easily and cheaply. It indicates that economic efficiency and convenience of a resident registration number may lead to the reluctance to replace it with an alternative in the private sector as well as in the public sector, regardless of its possibility of the invasion of privacy and the intensification of surveillance and control.

Finally, the external effect on civil society can play a significant role in symbolic conflict. In the case of the electronic ID card policy, the foreign experts raised the question and gave a chance for Korean society to think over the developmental code which was sacred at the time. Another external factor was the financial crisis of 1997 which sped up the ending of the dispute. It is also necessary to note that such an external component is likely to change the code system of civil society.

## **Chapter Five**

# **THE DISPUTE OVER THE NATIONAL EDUCATION INFORMATION SYSTEM**

## 5.1. Introduction

During 27 years (1961-1987), dictatorial regimes in Korea suppressed civil society and left huge legacies including the authoritarian social values based on government-led economic development. Their demise has transformed civil society dramatically. In particular, this growth of civil society was accelerated by the first transfer of power by the opposition party in 1998 and the first accession to power by only democratic forces without any coalition in 2002.

These series of events brought two significant changes in civil society in Korea. One is that civil movements in various areas have been activated and voluntary and autonomous associations in civil society have flourished (Chang W.-Y. , 2006, pp. 53-4). It connotes the possibility of a conflict not only between the government and social organizations but also between social organizations. The other change is that democratic values have begun to be understood as the proper way for dialogue in civil society, while legacies of authoritarianism still remain. As discussed in chapter 4, a higher value started to be placed on the democratic code rather than the developmental code. However, it does not indicate that the developmental code has disappeared. As discussed in the framework of multiple discourses and multiple codes in Section 3.2.2, it is more likely to be still “active in the cultural process” and “remain as a powerful residual legacy.”

This chapter aims to explore the above changes in civil society in Korea by examining the controversy over the National Education Information System (hereafter NEIS). The NEIS was designed as an online based comprehensive education information management system. It attempted to connect around 10,000 elementary, middle and high schools, and education

administration offices, such as the Ministry of Education and Human Resources Development (hereafter MOE) and the 182 local offices and 16 Metropolitan or provincial Offices of Education. The system was intended to collect a wide range of information on academic affairs, administrative affairs, students' personal records including health records, and so on.

In this regard, the debate over the NEIS may have similarity to the controversy over the electronic ID card. Both of them are debates over information-related policies and are based on the conflict between developmental codes and democratic codes. However, while the electronic ID card was terminated, the NEIS has been implemented after some revisions. This difference provides the motivation of this chapter. Another motivation comes from the periods of two debates. While the main debate on the electronic ID card started in the first government elected from the opposition party through a coalition with a conservative party in 1998, that of the NEIS was conducted after the first accession to power by only democratic forces without any coalition in 2002. This raises the question about what happened in civil society in the transition toward democracy.

The dispute over the NEIS well reflects the aspects of civil society in the transition to democracy, such as conflicts between social organizations and confrontations between cultural codes. At the beginning stage, the dispute was between educational organizations and the Korean government and then was intensified to cause a conflict between various educational organizations divided by their ideological orientations. The first main contenders of the debate were the MOE versus educational organizations. As the conflict extended to confrontations between teachers' organizations, which were divided according to political disposition, the dispute over the NEIS became complicated (Jho W.-S. , 2004; Chang W.-Y. , 2004; Moon & Ryoo, 2006). Accordingly, central to the debate over NEIS was the conflict



between conservative organizations and liberal organizations. In the process of the debate over the NEIS, the symbolic meaning of the Korean Teachers and Educational Workers' Union (hereafter KTU), which was a main opponent, affected the structure of the controversy. The KTU was regarded as a radical organization and therefore conservative forces attempted to link the arguments of the KTU to a rigid anti-reform image and a threat to national interest, regardless of the content. As a result, while this debate started as a conflict between the human rights of information and administrative efficiency, it transformed into a conflict between developmental codes of the conservative forces and democratic codes of the liberal-reform forces within civil society.

Existing studies on the conflicts surrounding the NEIS have examined them from the perspectives of decision making mechanism; governance mechanism (Jho W.-S. , 2004), social shaping of technology (Chang W.-Y. , 2004), conflict resolution in decision making process (Park J. , 2006) and policy making (Ha, Joo, Kang, Lah, & Jang, 2009). Hence, they have emphasized what was needed for conflict resolution in the case of the NEIS. However, existing studies have had the tendency to overlook what motivates the discussants and what sort of symbolic codes they draw on to define discussants and to create categories of inclusion and exclusion. Existing studies on the democratic transition and consolidation in Korea have an analytic limit in answering these questions i) why did two democratic-forces-based governments (the Kim Dae-jung and Roh Moo-hyun governments) promote the NEIS, though the first democratic-forces-based government had scrapped the electronic ID card with similar objectives, such as national competitiveness? ii) What made the second democratic-forces-based government put a priority on the NEIS over democratic values, even though the NEIS was criticized to be anti-democratic by democratic forces? iii) What influenced the interactions between social organizations within civil society? And iv) how did social

organizations define their inclusion and exclusion? To answer it, this chapter draws on the framework of Alexander's "codes of civil society" and developments of it, as discussed in chapter 2.

In the process of the debate over the NEIS, the two turning points are the launch of the NEIS in March 2003 and the establishment of the Education Informatization Committee (hereafter EIC) under the Prime Minister in June 2003. With them in mind, it would be useful to divide the process of the debate over the NEIS into the three periods: first, the beginning period of the debate (January 2000-February 2003) when the plan of the NEIS was formulated; Second, the deepening period of the debate (March 2003- June 2003) when the NEIS was launched and the EIC was established under the Prime Minister; Third, the period of mediation (July 2003-December 2003) when the mediation and the agreement was made by the EIC.

## **5.2. The period of introduction the NEIS and the beginning of debate (January 2000 ~ February 2003)**

### **5.2.1. The background of education administration computerization and the introduction of the NEIS**

The NEIS was introduced as part of a number of projects of education informatization which were promoted by Korean government in line with the government's informatization policy. In pursuit of strengthening national competitiveness in the information age, the "Framework Act on the Promotion of Information and Communication Technology" was enacted in 1995 and the "Education Informatization Promotion Action Plan" was instituted in 1996 (Ministry of Education & Human Resources Development, 2000). The basic plan for establishing an

integrated School Information Management System (hereafter SIMS) was undertaken for handling academic and administrative affairs and the SIMS in Korea has progressed to two systems; the Client Server (hereafter C/S) system and the NEIS.

In 1998, the C/S system for academic and administrative affairs was supplied to all schools nationwide<sup>41</sup>. Its prominent feature was the first SIMS to be operated as a closed network to which access from outside a school was blocked and was managed by a school principal. Approximately 90% of the entire elementary, middle, and high schools installed this system by 2001, expending 147 billion Korean Won (US\$ 134 million) (*The Donga Ilbo*, 15 May 2003).

In 2001, the NEIS was introduced as one of eleven major plans in an E-government project. Compared to the C/S system, the NEIS had salient characteristics in terms of openness and the scope of data collection. Unlike the school-based C/S system, the NEIS was designed as a regional-based integrated system which attempted to connect schools across the country to education offices in cities and provinces and the MOE through the Internet<sup>42</sup> (Chang W.-Y. , 2004, p. 171). Its goal was to improve efficiency of education administration within schools

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<sup>41</sup> It encompassed various applications, such as student health records management, school affairs, and tutoring as well as existing student school life record management. Before the C/S system, the Stand Alone (hereafter S/A) system was used. It was a PC application for a student's school life record management program. It was supplied to schools nationwide in 1997. Its infrastructure was formulated by the government's national computerization project whose main features were the computer distribution policy for a computer lab with 20 PCs per school and a PC with a printer per teacher. The goal of the S/A system was to replace hand-written documents. The traditional management method was the hand-written method by which teachers recorded notes on all students on a personal information card. In contrast, the S/A system was designed to store students' information such as the school-life records on a PC. However, under this system, the PCs containing students' personal information did not link to the network and were managed by teachers (Ministry of Education & Human Resources Development, 2001a; Korea Teachers and Educational Worker's Union, September 2003).

<sup>42</sup> Appendix 5-1 shows the comparison of C/S system and the NEIS.

and education offices and logically to combine, and link, the previous individual and closed SIMS. As a result, this system aimed to give education offices in cities and provinces and the MOE the authority to control integrated databases registered by each school and to deal with education administration electronically.

Moreover, the NEIS was designed to collect massive information about teachers as well as students and parents. To this end, it was categorized into 27 sections about overall areas of education administration, as shown in Appendix 5-2. While 24 sections were related to general administration, 3 sections were associated with school administration (Ministry of Education & Human Resources Development, 2005). The first group covered general administration areas, such as teacher and staff Human Resource, Pay-roll, Facilities, Budget, Accounting, Supplies, and etc. It also incorporated information on each teacher including 27 items<sup>43</sup>, such as basic personnel data and, of particular significance, records of political activities. The second group was intended to collect 385 personnel records per student, comprising three categories: School/student affairs (170 items), Admission/admission to a school of higher grade (45 records) and Student health (143 records)<sup>44</sup>. The installation of the NEIS cost 52 billion Korean Won (US\$ 47 million).

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<sup>43</sup> They include resident registration number, birthdates, residence address, military service records, health status, religion, wealth records, family backgrounds, educational backgrounds, employment test, awards and disciplinary action.

<sup>44</sup> “School/student affairs” included 170 items related to student’s records of basic personnel (e.g. resident registration number, a beneficiary of social security programs or not, a head of household or not, birthdates, residence address, educational backgrounds of a student and parents, disabled or not, etc), behaviour and school life (e.g. awards, scholarships, future dreams, disciplinary action, records of counselling and delinquency, school activities, certificates, etc), and exam scores. “Admission/Admission to a school of higher grade” consisted of 45 records per student, such as resident registration number, picture, attendance, special talents, scores, etc. “Student health” encompassed 143 records of a student’s health, such as physical examination, fitness test, oral hygiene and pathology test, disease history, and results of a comprehensive check-up (e.g. obesity, malnutrition, allergies, mental disorder, blood pressure disease, respiratory diseases, tuberculosis, etc).

While the previous C/S system concentrated on dealing with administrative affairs inside schools, the NEIS was intended to carry out education administration outside schools synthetically by linking all affairs in 27 work categories. The NEIS, following the C/S system, can be understood as the most modernized version with computerization and networking to boost administrative efficiency in education information management<sup>45</sup>.

On the basis of the above, two implications can be drawn. One is that the NEIS might be expected to raise inherent concerns about both teachers' workload for operating the NEIS and about the extensive accumulation of highly sensitive private information. Compared to the C/S system, the NEIS attempted to newly introduce most information categories except for supplies, budget and accounting and also expanded the scope of data related to school/student affairs, admission and student health (Hwang & Choi, 2003). Accordingly, the scope of data collection involved a potential opposition from teachers and students. The other implication is that the NEIS had a high likelihood of generating problematic and divisive conflict between contenders in the dispute. It is closely related to its characteristic of integrated open information system containing various and massive data on students, parents and teachers. In this regard, the NEIS would permit the government to link together, using resident registration number, and produce valuable information about people without their consent. It may indicate that while the government had the strong incentive to develop the NEIS under

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<sup>45</sup> The above development of the SIMS in Korea can be summarized as the process to improve efficiency in administrative information management with the following characteristics (Chang W-Y, 2004, p. 168). First, it is found that education information management has changed from manual to computerization and from a closed system to an open system. The second feature is that the SIMS has evolved into a cumulative and integrated system from individual and decentralized system. The last is that the amount of information under the government's control has the tendency to increase in line with a computerized educational network. What is noteworthy is that these salient features of the above changes were well reflected in the NEIS.

the name of administrative efficiency, it was inevitably destined to face a lot of strong resistance insisting both invasion of privacy and more fatal damage inflicted by information leakage. In other words, the NEIS connoted the conflict between civil society organizations and the government and the tension between administrative efficiency and protection of privacy in Korean civil society where democratic values have already become settled.

### **5.2.2. The unfolding process of debate**

The introductory period of the debate over the NEIS was from January 2000 to February 2003, as summarized in Appendix 5-3. The NEIS project originated from the New Year Policy Address by the President in January 2000. President Kim Dae-jung, who was the first president elected from the opposition party, placed priority on the agenda for the 10<sup>th</sup> most powerful nation in information and knowledge as one of ways to recover from the financial crisis in 1997. Along this line, he announced the early completion of the comprehensive plan for education informatization in 2000, which was originally targeted for 2002.

In May 2001, the Special Committee for E-government selected the NEIS as one of 11 major government initiatives, which were planned to be completed by November 2002. It led to the decision to replace the C/S system with the NEIS in July 2001<sup>46</sup>. The serial steps<sup>47</sup> were taken from June 2002 to September 2002 when User training started<sup>48</sup>.

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<sup>46</sup> The plan for a Nationwide Educational Administration Information System for the Promotion of E-government was established and the basis plan for the NEIS was formulated in November 2001.

<sup>47</sup> These are system design, S/W development and H/W & infrastructure building.

<sup>48</sup> One of the reasons for this schedule was to meet the E-government projects schedule to be completed in November, a month before the next presidential election. Another practical reason was that the NEIS was planned to open in time for the beginning of the second academic semester of 2002.

However, teachers who attended at the early stage of user training courses, started to voice complaints about the NEIS, blaming its system failure and concerns about instability problems on the NEIS. For teachers, the NEIS seemed to increase the workload of teachers, in contrast to government claims. As a result, the KTU and the Korean Federation of Teachers' Association (hereafter KFTA) urged the MOE to revise the NEIS and to delay its launch. To be more specific, they demanded the removal of sensitive information in three categories, such as "School/student affairs", "Admission/Admission to a School of higher grade" and "Student health", and the postponement of the launch date from September 2002 to March 2003<sup>49</sup>.

The MOE accepted their suggestions for the purpose of a quick end to negotiations. The acceptance was partly because E-government projects including the NEIS were planned to be finished by November 2002 (Press release from the KTU, 30 August 2002)<sup>50</sup>. The NEIS, except for three categories, was launched, but the MOE agreed that the implementation of the final three categories in this system would be delayed until March 2003. On the 20<sup>th</sup> of September 2002, the MOE decided to delete some sensitive personal information<sup>51</sup> from the NEIS (*The Hankyoreh* 21, 19 July 2003)<sup>52</sup>. On the 4<sup>th</sup> of November, the NEIS opened excluding 3 categories<sup>53</sup>.

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<sup>49</sup> The examples of their resistance are the signature campaign against the NEIS and the refusal to accept official NEIS certification. At the same time, teachers' organizations suggested establishment of a policy consultation meeting to discuss how to correct and improve the NEIS.

<sup>50</sup> It is a summary of the talks between the KTU and the MOE on 29<sup>th</sup> August 2002.

<sup>51</sup> The examples are mobile phone numbers and e-mail addresses of students, and resident registration numbers, the final academic background, mobile phone numbers, family background, and occupation of parents.

<sup>52</sup> While the items such as mobile phone numbers and E-mail addresses of students and the resident registration number, the final academic background, mobile phone numbers of parents were excluded on 20 September 2002 in coordination with the education ministry itself, family background information was changed to special details at that time and then deleted on 12 January 2003. Occupation of parents was also removed in April 2003 after the resolution of the committee of informatization (*The Hankyoreh* 21, Weekly Magazine, Vol. 464, 19(6), 2003 )

Despite the MOE's concession to teachers' organizations, their opposition to the NEIS was intensified by two significant changes in the political landscape in December 2002. One was the presidential election in December which ended with the succession of Roh Moo-hyun, who got support from the democratic-reform forces in the vehement confrontation between the conservative forces and the democratic forces. The other change was that a new executive board of the KTU was elected in December. Unlike the former executive board, it requested the withdrawal of the NEIS and the KTU's anti-NEIS movement became fierce, such as filing a petition to the National Human Rights Commission of Korea<sup>54</sup> (hereafter NHRC) with 24 educational non-government organizations such as the People's Solidarity of Participatory Democracy on the 19<sup>th</sup> of February 2003<sup>55</sup>.

### **5.2.3. Content of debate**

The opponents to the NEIS emphasized the massive information accumulation in the NEIS. By linking "information accumulation" to "workload" and "human rights," the critics against the NEIS attempted to portray the NEIS as overburdened and a serious threat to democracy. The arguments of opponents in this period can be summarized as follows: i) the workload of teachers with computers may increase rather than decrease ii) the NEIS is highly likely to infringe human rights of information iii) the NEIS is a kind of education control system for the control and surveillance by the government iv) hacking and leakage of information seems to be inevitable partly because of commercial interests.

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<sup>53</sup> The pilot service was offered to fifteen schools in five cities and provinces, expanding to 276 schools later.

<sup>54</sup> The NHRC was "established in 2001 as a national advocacy institution for human rights protection."

<sup>55</sup> Other anti-NEIS movements began suing the Minister of Education (14 February, 2003), holding a public debate "Problems with and alternatives to the NEIS" with civil rights movement groups (18 February, 2003).



First, opponents including both the KTU and the KFTA contended that the NEIS would increase the workload of teachers partly because the NEIS in the early stage contained various errors and system lags. Hence, the KTU requested a revision of the NEIS prior to the implementation (27 August 2002) due to frequent policy changes in the information required, which led to an increase in computer workload.

Frequent policy changes created confusion at schools, such as training for system conversion, greater workloads from transferring existing data to the new system and reregistering data, and much trial and error caused by system instability and frequent software upgrades (Press release from the KTU, 27 August 2002)

They pointed out that teachers had to input so much information about their work, including tutoring and management of teaching materials into the NEIS that it would overburden them<sup>56</sup>. The KFTA also urged the MOE to delay the implementation of the NEIS, while it required the change of old PCs, the user-oriented program and the reduction of educationally unnecessary input items (2 September 2002).

Second, groups in the opposition attempted to link the NEIS to infringement of human rights of information. The basic argument was that without consent by students, parents and teachers,

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<sup>56</sup> The survey of teachers in Seoul by the KTU in August 2002 showed that one of the main problems in the introduction of the NEIS was the workload of teachers.

As for the problems in the introduction of the NEIS, teachers chose trial and error method due to a lack of understanding by teachers (23.2%) and an increase in workload of teachers (23.2%). Additional issues that were pointed out were human rights of information (19.1%) and instability of servers and program (Press release from the KTU, 2 September 2002).

the NEIS aimed to collect and accumulate excessive information in three privacy-sensitive categories; School/student affairs, Admission/admission to a school of higher grade and Student health<sup>57</sup> (Moon & Ryoo, 2006, p. 201). They maintained that as far as such information was centralized in the network of the MOE through the NEIS, the students' privacy could not be protected. The following manifesto (6 February 2003) by the coalition of Non-Government Organizations against the NEIS<sup>58</sup> showed a concern over the contents of databases to be collected.

*The confidential personal information* such as individual students' school records, various activities inside and outside school, health records, and medical histories have been collected and also, *the sensitive personal information of teachers* such as activities at parties and social organizations and total assets have been accumulated (A Joint Meeting for Protection of Privacy and the Abolition of NEIS, 2003, p. 43).

The fear was apparent in the survey by the KFTA (August 2002). 94.9 % of teachers answered that new system required too much personal information of teachers and students and accordingly invasion of privacy and infringement of personal information were probable (*Yonhapnews*, 4 September 2002).

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<sup>57</sup> Along this line, it was also stressed that the MOE not only accumulated massive personal information of all graduates without the concerned people's consent, but also was already converting all information of schools into the NEIS from February 2002.

<sup>58</sup> 23 entities included a political party (Democratic Labour Party, *Minju-nodong dang*), organizations for information rights (Coalition against Fingerprint, Korean Progressive (*Jinbo*) Network, etc), human rights organizations (Korean Human Rights Group (*Sarangbang*), People's Solidarity for Social Progress, Citizen's Action and Solidarity for Human Rights, People's Solidarity for Participatory Democracy, etc), Korean Confederation of Trade Unions, education organizations (Korean Professors Union, KTU, Parents Associations for True Education, etc), cultural organizations, etc.

Third, the NEIS was portrayed as a control and surveillance system on the part of the government since it was centrally operated by the MOE and could be interconnected to various government databases with indices such as resident registration number.

This huge accumulation and concentration of personal information was a severe invasion on the privacy and security of the public, and a dangerous step toward a totalitarian society of surveillance and control. ... The main concern is that personal information can be transferred to other government agencies, such as the Ministry of Home Affairs, the Military Manpower Administration, the National Police Agency and the National Intelligence Service, which are not related to education and possibly be misused for other purposes rather than education (A Joint Meeting for Protection of Privacy and the Abolition of NEIS, 2003, p. 43).

In addition, they claimed that it would be possible for teachers' work to be controlled by the authorities through the NEIS system, as the activities of teachers would be recorded and managed (Kim J.-c. , 2003, pp. 11-23).

The NEIS is an *education control system* just with administration but without education. If personal information is integrated in the central server of the government, discrimination and exclusion are inevitable (Press release from the KTU, 18 February 2003).

Conservative newspapers also pointed out problems about the integration and accumulation of information by the government.

... *the education ministry has to reconsider if it is an anachronistic idea that the central government still has to get all things in their own hands (The Chosun Ilbo, 26 September 2002).*

Lastly, the opponents' critics emphasized a potential danger of hacking and leakage of information. This concern was originated from the NEIS's feature of an Internet and regional-based integrated system.

The Association said that as all teachers nationwide use the network, information leakage by an insider is possible because of the free access of information in national institutions such as education offices and the ministry (*The Chosun Ilbo*, 22 September 2002).

According to the nationwide survey of parents by the KTU in February 2003, 82.3% of respondents worried about high possibility of information leakage and 86.7% of them raised concerns about the infringement of human rights by the leakage (Press release from the KTU, 14 February 2003).

The detractors of the NEIS believed that there would be a strong possibility of information leakage induced by commercial needs. The above survey by the KTU (February 2003) found that 85.1% of parents expressed fears over commercial utilization of leaked information by companies.

The KTU and other organizations argue that it could produce the extreme side effects if the security system of NEIS is easily intruded by hackers. For example, it is so easy to find out students who are physically retarded (e.g. under 140cm tall) or are obese (e.g. over 65kg) in the second year of middle school. This information is valuable for companies which are planning to start some business relating to obesity clinic. Therefore, the concern is raised that the collection of personal information in NEIS is like having the fox guard the henhouse (*Weekly DongA*, 27 February 2003, vol. 373, p. 38).

Against the above arguments by teachers' organizations, the MOE attempted to defend the NEIS by linking positive assessments of "information age" to "the NEIS." The NEIS was described as efficient, convenient, and competitive. As discussed in Section 3.2, informatization was driven by the government as another name for industrialisation in the globalization and information age. Hence, in the sense that the NEIS was selected as a part of the E-government plan, it was regarded as an important part of the administration informatization projects. The MOE seemed to believe that the expansion of information technology to each administrative organization can improve administrative efficiency, reduce workloads, and provide more convenient administration services. The defence of the NEIS was drawn on the following arguments; i) the efficiency of education administration has to be pursued, ii) a new network has to be built to improve public convenience and to promote global competitiveness in accordance with development of information technology. The assertion of the MOE in pursuit of efficiency can be summarized as follows.

First of all, the MOE pointed out that one of the important purposes of the NEIS was to enhance the efficiency and productivity of education administration. They argued that this opportunity of the information age must be taken to improve the productivity of work process with informatization infrastructure.

It is time to enhance the productivity by transforming existing hand-written document based administration into digitalized administration. It can reduce a large portion of paperwork which amounts to over 50% of education administration in education offices of cities and provinces. It is estimated that productivity would be improved by over 25% if the current hand-written method were to be discarded. The quality of the education policies could be improved by the construction of information environment where overall school affairs can be

handled with a limited number of staff. Accurate and various information would be available in real-time and be offered automatically to the education offices (Ministry of Education & Human Resources Development, 2001b).

Furthermore, the MOE stressed the advantage of the NEIS that enabled teachers to collect and store all of the entire school life records for students in elementary, middle, and high schools. In this regard, the NEIS would reduce administrative burdens of teachers and accordingly induce teachers to devote more time to teaching (Ministry of Education & Human Resources Development, 2002).

Because various materials such as school life records and others can be accumulated, teachers do not need to input them repeatedly and several statistical affairs can be handled automatically at the same time following daily routine works. Thus, once teachers complete their routine work properly, several miscellaneous works such as the making of statistical materials which was done manually one by one will be greatly reduced (*The Chosun Ilbo*, 4 November 2002).

Second, the MOE contended that education administration services would be improved in the sense that the NEIS could provide convenient access to information. The NEIS allowed people to apply for official documents, such as certificates of degrees or diplomas, via the Internet and take them from nearby schools or education offices. In the past, they were issued to people only by visiting their schools or applicable education offices (Press release from the MOE, 2002)<sup>59</sup>.

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<sup>59</sup> As well described in the below example, the benefits of certificates issued through the NEIS was to minimize the inconvenience of the people living at a distance, by making it possible for them to easily obtain transcripts and the certificates of registration or graduation from any school in the country (Ministry of Education & Human Resources Development, 2002).

“because documents, such as school life records, students’ health records, and others, which are required for admission to upper level schools and for transferring applicants, can be sent to the relevant institutions through the system; *parents do not need to visit schools in person for them*” (*The Chosun Ilbo*, 4 November 2002).

Moreover, the MOE insisted that because student information could be acquired via the Internet, students’ academic and behavioural development could be checked and their problems could be resolved through the Internet counselling without parent’s personal visits to schools or interviews with teachers.

Finally, the MOE asserted that the NEIS would play a significant role in education informatization which formed one pillar of E-government. President Kim Dae-jung stressed a strong knowledge-based and information-oriented nation.

In the 21<sup>st</sup> century, creativity and adventurism led by information-oriented education are the ones that will drive the economy and foster the strength of the nation (*The Korea Herald*, 21 April 2001).

In this context, the NEIS was selected for the government’s goal to construct the foundation for information circulation on a national basis through the development of a standardized

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Mr. B was asked to submit his graduation certificate by his new company but postponed its submission because his hometown was located in a rural area. It was difficult for him to visit his school himself or to ask his hometown acquaintance to request document issuance. Incidentally, he heard the news of the NEIS launch and got access to the civil service system. If he would request the certificate via the Internet, it could be issued by a school nearby his home or an education office. Mr. B was able to get the certificate issued through the NEIS during the lunch hour. He thinks what a convenient world it is (Press release from the MOE, 2002).

system (Ministry of Education & Human Resources Development, 2001b). To be more specific, the government's purpose was that the standardization of the forms, codes, and work processes would lead to online information sharing in the government and accordingly other ministries or agencies as well as education offices could use data of the NEIS without any additional work. As such, for the government, the NEIS was not only an endeavour to be adjusted to the information age but also the logical outcome of information technology's development.

From the above, some findings can be summarized as follows. The first is that while the plan for the NEIS started in 2000, the meaningful debate over the NEIS unfolded only from the second half of 2002. In other words, before the launch of the NEIS in March 2003, most time was spent in deliberation and discussion inside the government. Interestingly, it was after the start of user training from August 2002 that the NEIS became a wider socio-political issue. It may indicate that the earliest policy decision making process for the NEIS followed the form of industrialisation periods of the authoritarian regimes and was based on industrial codes, such as efficiency without any consideration of human rights. Another interesting point is related to the name of this system. The Korean title of the NEIS (the National Education Information System) was translated by the MOE as the Education Administration Information System. "National" in English title was replaced with "Administration" in Korean title. This is evidence that the original purpose of the NEIS was the enhancement of efficiency in education administration (Kim J.-C. , 2003, p. 5).

The second finding is that the dispute over the NEIS in this period was centred on the controversy between teachers' organizations and the MOE, a main body promoting the project of the NEIS. Of special interest is the same objection from both major teachers' organizations,



the KTU and the KFTA. Both of them requested postponing the NEIS launch until the consent of civil society. Historically, the KFTA was an officially recognized teachers' organization during dictatorial governments. The KTU which started to stage democratisation movements in the educational area was not recognized legally for a long time. Nonetheless, it was finally legalized in the Kim Dae-jung government which was the first civilian government in Korea. In this regard, the KFTA represented the conservative, anti-communist forces, while the KTU stood for liberal reform forces. However, in this period, the two teachers' organizations' different ideological orientations made no difference in their common opposition to the NEIS. As both teachers' organizations raised questions about it, the NEIS policy became an issue within civil society and the controversy started. Most of the other civil society organizations supported their assertions.

The last finding is that the first argument made by both the KTU and the KFTA is how and when the NEIS would be implemented rather than whether it should be scrapped or not. The opposition did not suggest the withdrawal of education informatization, but the revision of its goals.

We do not disagree with the education informatization project itself. The reason why we oppose the NEIS is that education reform has been carried out to meet market needs rather than to improve the quality of education. Information on students, parents and teachers collected in NEIS is much more detailed and precious than customers' information collected by companies. ... Education informatization project should be readjusted to pursue the benefits of students and teachers and to enhance its publicness rather than to focus on administration convenience and commercial profits (A Joint Meeting for Protection of Privacy and the Abolition of NEIS, 2003, p. 42).

The first main argument that they depended on is a potential increase in teachers' workload (Ha, Joo, Kang, Lah, & Jang, 2009, p. 658). It indicates that the important issue they focused on is whether the NEIS could contribute to improve administrative efficiency, or what was to be done to improve the efficiency of the NEIS. It was after 2003 that the conflict between efficiency and human rights accelerated.

What is of interest here is that the first newspaper which raised the issue of information rights is *The Chosun Ilbo*, one of the conservative newspapers in Korea.

... the problem was that such information was being shared on a network connecting the ministry of education, education offices, and schools, ..., *personal information of more than 20 million people*, including some 7 million students and 14 million parents, was being collected at one place (*The Chosun Ilbo*, 22 September 2002).

As the NEIS becomes a social issue, the debate is transformed into a conflict between administrative efficiency and human rights, which was very similar to the structure of the dispute over the Electronic ID cards. According to research analyzing editorials and articles in newspapers about the NEIS (Chang W.-Y. , 2004, p. 175), it was found that, at the beginning of 2003, the media started to define the dispute over the NEIS as a controversy between the invasion of human rights for information and the need for administrative efficiency<sup>60</sup>. While efficiency was supported by the MOE, human rights were highlighted by the KTU. Also, at the time, not only most educational organizations such as the KFTA but also the conservative forces including *The Chosun Ilbo* (the conservative daily newspaper) and the Grand National

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<sup>60</sup> It implies that until the beginning of 2003, the dispute over the NEIS was hardly presented in the media and the content and frequency of related articles were also very few during this period (Chang W.-Y., 2004, p. 175).

Party (opposition party) all agreed to the KTU's assertion and expressed a concern about information control by the government.

#### **5.2.4. The structure of discourses in civil society in the beginning of debate**

In conclusion, it can be suggested that in this period, most teachers' organizations and educational non-government organizations opposed the implementation of the NEIS without the consent of civil society. Their argument centred on the concerns about the invasion of human rights and the control by the government. On the other hand, the MOE maintained that the NEIS would enhance the efficiency of administration and the convenience of the public.

Hence, the structure of discourse in this period can be shown as Table 5-1. It is found that the structure of controversy in the introductory period was very similar to the previous dispute over the electronic ID card. The MOE was perceived by civil society organizations as well as teachers' organizations in terms of the counter-democratic discourse. The MOE was illustrated as a symbol of the bad by associating the MOE with government agencies which played a major role in suppressing democracy in authoritarian regimes, such as the National Intelligence Service and the National Policy Agency. At the same time, the structure of discourse in the beginning of the debate over NEIS was based on the conflict over democratic code and developmental code as shown in the case of the electronic ID card controversy. The MOE attempted to persuade civil society members by explaining how the administrative efficiency and convenience for information access would be improved and how this system would contribute to improve the infrastructure for the informatization. In other words, the arguments of proponents for the NEIS were based on the developmental code.

**Table 5-1** The symbolic system of the dispute over the NEIS: The introductory period

<b>The structure of the dispute over the NEIS in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Policy		E-government project Education informatization project
Actor	The MOE	The KTU, The KFTA, National Human Rights Commission of Korea
Discourses	Increase the workload of teachers The invasion of privacy and infringement of personal information Control and surveillance by government Commercial utilization by companies with leaked information	Improving the efficiency and productivity of education administration Promoting global competitiveness in accordance with development of information technology One pillar of E-government
<b>The structure of cultural value system in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Culture(value)	Dictatorial government Information control Corruption  Infringement of privacy  Imperfection in technology Underdevelopment of technology Inefficiency Low productivity Slowness Irrationality Inconvenience	Democracy Information rights Justice Human rights Protection of privacy Informatization Perfection in technology Development of technology Efficiency High productivity Fastness Rationality Convenience

In contrast, the civil society organizations criticized the problems of the NEIS, depending on the democratic code. As such, the debate about the NEIS in this period can be concluded to add evidence that i) the developmental code and the democratic code seem to be basic cultural values of Korean civil society and ii) the democratic code may have more significant effect on civil society organizations in the controversies over information-related policies after the debate over the electronic ID card. Even though the NEIS was associated with the developmental code at the initial stage of this period, civil society organizations attempted to associate the NEIS as being a threat to democratic values and accordingly achieved a reduction in the range of information collection and the postponement of its launch. This result may be related to the growth of civil society. Many social organizations for the protection of information rights after the debate over the electronic ID card actively participated in the dispute over the NEIS. The success of democratisation movements and the reform forces' staying in power seem to contribute to the settlement of democratic codes in civil society.

### **5.3. The deepening period of debate (March 2003 ~ June 2003)**

#### **5.3.1. The transition of the situation and disruption of civil society**

From March 2003 when the services for three of the categories were provided, the debate over the NEIS began to be intensified. As mentioned in Section 5.2.2, the presidential election and the inauguration of a new executive board in December 2002 fanned the flames of more heated debate over the NEIS. During the presidential election, Korean society had experienced a severe division between conservative forces and liberal-reform forces. The latter were successful in the election. In addition, the new board requested the abandonment

of the NEIS rather than its revision before implementation. Hence, the opening of pilot services for three categories led to a more severe confrontation between the KTU and the MOE<sup>61</sup>. In particular, while the MOE organized the EIC (8 March 2003) to complement the issues including human rights infringement, reform forces including the KTU and liberal parents' organizations refused to join, questioning the intentions of the EIC.

Interestingly, in the beginning of this period teachers' organizations which spoke with one voice in the previous introductory period seemed to split over the strategies against the NEIS. Unlike the KTU, the KFTA did not change their strategy, demanding a revision of the NEIS before implementation. It criticized the KTU's request to cancel the NEIS. Their arguments were that i) the NEIS could benefit them, through the reduction of workloads, and ii) that KTU sought the dropping of the NEIS without any solution (Press release from the KFTA, 7 March 2003). One of the reasons for their split was the confrontation of ideology which had accelerated during the presidential election in 2002. The conflicts over ideologies were reflected in the dispute over the NEIS, so the dispute over the NEIS became a foundation for the conflict between conservative forces and reform forces, namely between industrial power and democratic power. Moreover, two incidents fuelled the conflict between two forces in school fields; Anti-war class lessons and a school principal's suicide.

Anti-war class lessons had been provided by the KTU as a part of Anti-war and Pro-peace movement which was sparked by the war in Iraq (20 March 2003)<sup>62</sup>. In particular, materials

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<sup>61</sup> The anti-NEIS movements were a sit-in protest by the KTU (3 March 2003), parent's group's announcement against the NEIS (17 March 2003) and mass leave of absence (27 March 2003).

<sup>62</sup> The government and the National Assembly passed a bill to dispatch noncombat troops to Iraq (2 April 2003). However, the vote on dispatching the troops recalled the confrontation between conservative forces and liberal forces in civil society. In addition, the presidential election, the North Korean nuclear program in 2002 and two

for anti-war classes contained pictures of those killed by U.S. soldiers. The government insisted that such materials had the possibility of inducing anti-Americanism<sup>63</sup>. The KFTA urged the government to approach this issue with a firm and clear stance (1 May 2003) and the Association of Principals criticized the KTU by describing it as a Pro-North Korea group (*The Chosun Ilbo*, 22 April 2003). What is noteworthy is that the conservative forces including the KFTA made criticism against both KTU's anti-war class and its arguments against the NEIS in the same statements.

After the government said it would conduct a study to gauge the level of anti-U.S. sentiments being taught in schools, the union retorted that it would not stand idle in the face of "criticism with evil intentions." The KTU's teachers also announced a "pan-national disobedience movement" against the introduction of the new information system which schools are implementing nationwide (*The Chosun Ilbo*, 2 April 2003).

Meanwhile, the NHRC issued a public statement against sending troops insisting that the war led to the indiscriminate sacrifice of civilians in Iraq (26 March 2003).

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14-year-old Korean girls' death by an US Army armoured vehicle on a public road (13 June 2002) revived the conflicts of ideologies embedded in civil society.

Various groups are planning large-scale street rallies on Saturday, the 84th anniversary of the March 1st Independence Movement against the Japanese occupation. The "Anti-Nuclear, Anti-Kim Jong-il National Rally for Freedom and Unification" will be held ... with various religious groups and civil organizations participating. The groups are to demand an end to North Korea's nuclear program and oppose the withdrawal of US forces. Marking March 1st, an "Anti-War Demonstration for Self-reliance and Peace" candlelight demonstration will be held ... The organizing group of the candlelight vigils also plans a demonstration demanding the revision of the Status of Forces Agreement and opposing the war in Iraq ... (*The Chosun Ilbo*, 28 February 2003).

<sup>63</sup> President Roh Moo-hyun has received reports that the left-wing teachers union has been presenting anti-U.S. material while teaching students about anti-war ideas, ... he pointed out that ... materials that may contain such ideas should be reviewed before any teachers group imparts it children (*The Chosun Ilbo*, 22 April 2003).

Another incident intensifying the confrontation in school fields was a principal's suicide on the 4<sup>th</sup> of April 2003. The male principal at the Bo-sung elementary school asked a temporary female teacher to serve tea for him and his visitors. With the help of the KTU, she raised an issue over his sexual discrimination and his degrading of the KTU, demanding his handwritten apology and assurance that there will be no disadvantage in personnel terms. This case of sexual discrimination received a great deal of publicity.<sup>64</sup>

The principal's suicide provoked bitter conflicts in education fields. In fact, the conflict over the school operation was deeply rooted. The KTU was criticizing the authoritarian management by school principals and was trying to improve democratisation of school management at that time when this event occurred (*The Hankyoreh*, 10 April 2003). However, with the principal's suicide, the conservative forces in schools which had complaints about the request for the democratisation of school management began to strongly blame the KTU's activities. As addressed in the editorials of *JoongAng Daily*<sup>65</sup>, they condemned the KTU,

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<sup>64</sup> This dispute was triggered when the KTU raised the question as to whether it was right for the temporary teacher to be asked to serve tea for a principal. The KTU questioned the problem of sexual discrimination in the education field and accordingly the principal was blamed by the KTU. Controversy over the serving of tea was one of the examples of conflicts between authoritarian values and democratic values. It is well described in the following statement of the National Parents' Association for Good Education.

That woman teachers are still forced to serve tea is a reflection of the undemocratic school administration system that has failed to break away from outdated practices and authoritarian inclinations (<http://www.womennews.co.kr/ewnews/enews54.htm> accessed 5 January 2012).

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What is needed from the union now is not an evasion of responsibility, but cooperation with the inquiry to clarify where the responsibility for the suicide lies. Such problems in our schools as forcing female teachers to perform the most menial tasks, the unstable status of part-time teachers and remnants of traditional Confucian culture in elementary schools, which prompted the incident, should be dealt with from a different perspective (*JoongAng Daily*, 9 April 2003).



requiring the KTU to admit its responsibility and to give a formal apology for the suicide. Furthermore, their criticism focused on overall activities of the KTU in the past by portraying them as uneducational, self-righteous, and selfish. As such, KTU's arguments that the legacy of traditional Confucian culture in education fields is anti-democratic and needs to be reformed were strongly addressed. However, the contaminated image of the KTU as pro-communist seemed to weaken the influence of the KTU's arguments.

The patience to accept the Union's activities beyond the limit would be useless (Press release from the Korean Union of Teaching and Educational Workers, 7 April 2003).

The tragic death of an elementary school principal, whose funeral was on Tuesday, needs to be a turning point for the devastated state of Korean education. ... Most of the country would agree, however, that what is needed most is a rebirth within *Jeongyojo*, or the Korean Teachers and Education Workers Union. ... In the course of its development, however, *Jeongyojo* has come to be buried in its own negative legacy, with its overambitious, political and uneducational ways to wage its struggles. Its ideological leanings and self-righteous obstinacy compels it to go after every selfish advantage within our schools (*The Chosun Ilbo*, 8 April 2003)<sup>66</sup>.

As such, the dispute over the NEIS expanded and developed from an educational issue to a confrontation between conventional conservative forces and reformist and radical forces in all Korean society (Chun, 2003, p. 299). In this regard, the conservative forces' arguments against the KTU led to the change in the request on the NEIS from the previous "a revision before implementation" to "an immediate revision and implementation (Han, 2003, p. 96) and

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(<http://joongangdaily.joins.com/article/view.asp?aid=1962654> accessed 5 January 2012).

<sup>66</sup> [http://english.chosun.com/site/data/html\\_dir/2003/04/08/2003040861031.html](http://english.chosun.com/site/data/html_dir/2003/04/08/2003040861031.html) accessed 5 January 2012.

to “implementation according to the decision of the EIC” that the NEIS had to open full service on the 11<sup>th</sup> of April (Press release from the KFTA, 1 May 2003).

In sum, in this period, the debate over the NEIS turned into the conflict between the conservative teachers’ organizations and the liberal-reformative teachers’ organizations. The conservative educational organizations which included the KFTA, the Association of Principals, and the Korean Union of Teaching and Educational Workers started to criticize both the claims against the NEIS and overall activities of the KTU by linking the KTU to “anti-communism” and “negative legacy.”

### **5.3.2. The unfolding process of debate**

During the process of the conflict mentioned above, on the 12<sup>th</sup> of May 2003, the NHRC made recommendation on the NEIS<sup>67</sup>. The main points of the recommendation are as follows (National Human Rights Commission, 2003): first, the NEIS should exclude three sensitive student-related categories, such as “School/student affairs”, “Admission/Admission to a School of higher grade” and “Student health” out of 27 categories. In addition, some items of personnel records of teachers, namely 26 questions on the Personnel Management Card, should be excluded. Second, the existing C/S system should be maintained for three categories and measures should be taken to improve the security of the C/S system. The reason behind the recommendation was that “the possibility of human rights violations is very high” and “the NEIS could threaten the right to privacy.”

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<sup>67</sup> It was a response to the petition of the KTU with 24 educational non-government organizations on the 19<sup>th</sup> of February. For this, on the 8<sup>th</sup> of April, the NHRC held a public hearing but postponed the decision for two more weeks on the 28<sup>th</sup> of April.

The recommendation drew an angry backlash from the conservative educational organizations, while the KTU welcomed it and asserted that it was time to try to resolve the conflicts between educational organizations (Press release from the KTU, 13 May 2003). One of the reasons for this was that the recommendation seemed to support the arguments of the KTU. Based on Korea's Constitution and the international Guidelines<sup>68</sup>, the NHRC declared that administrative efficiency could not override the fundamental right of the people.

NEIS has been promoted without the clear possibility of drastic enhancement of administrative efficiency and even if administrative efficiency improves significantly, it could conclude that it would not be able to justify the violation of the fundamental rights of citizens. ... The National Human Rights Commission decided that the value of both the accumulation of personal information and educational vision toward the future had a higher priority than the practical issues such as economic profits and losses (National Human Rights Commission, 2003).

Another important reason why the conservative forces were disappointed at the recommendation was that the Minister of Education had repeatedly vowed to follow the recommendation of the NHRC (*JoongAng Daily*, 26 April 2003), even though the NHRC's recommendation had no enforcement power. The KFTA criticized the recommendation,

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<sup>68</sup> These are Article 10 (right to pursue happiness), Article 17 (freedom of privacy and secrecy), Article 31 (right and duty to receive an education), and Article 37 (respect of freedoms and rights of citizens) of the Constitution; Article 12 of the UN Declaration on Human Rights; Article 17 of the International Covenant on Civil and Political Rights; Article 16 of the International Convention on the Rights of the Child; OECD Guidelines on the International Circulation of Private Data and Protection of Privacy; UN Guidelines for Regulations on Electronic Personal Information; and the Act on the Protection of Personal Information Maintained by Public Agencies (Press release from the NHRC, 17 May 2003).

arguing that it triggered confusion among schools because teachers had to operate the C/S system as well as the NEIS at the same time<sup>69</sup> (Press release from the KFTA, 13 May 2003).

However, unlike the previous announcement, the MOE reversed its position on acceptance of the NHRC recommendations<sup>70</sup>, which brought out a hunger strike and mass leave of absence strike carried out by the KTU, eventually resulting in the negotiation between the MOE and the KTU. On the 26<sup>th</sup> of May 2003, the MOE and the KTU reached the agreement that i) 24 categories out of 27 categories would be operated by using the NEIS, while the full-scale implementation of the NEIS for three categories would be reviewed and ii) for the 3<sup>rd</sup> grade students, who were preparing their applications for university admission, the NEIS would be used fully including the three categories, but for the students under the 2<sup>nd</sup> grade, the previous system before the NEIS could be operated for three categories temporarily until February 2004. The agreement was rejected by the proponents of the NEIS, arguing that it would be equivalent to an abandonment of the NEIS (*The Hankyoreh*, 27 May 2003)<sup>71</sup>.

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<sup>69</sup> The KFTA revealed the nationwide survey of teachers finding that 64% of the respondents supported the NEIS (*The YTN*, 19 May 2003).

<sup>70</sup> The MOE did not seem to accept the recommendation fully because the recommendation could aggravate the confusion in schools. The use of C/S system implied that registering all student information into the NEIS during the winter vacation would be for nothing and moving them back to the C/S system would require the same period. The Minister of Education answered at the interpellation of the National Assembly that the NEIS was preferred if the MOE should choose either the NEIS or C/S system and the MOE was not bound to follow the recommendation even though the recommendation could be considered with respect (*The Chosun Ilbo*, 20 May 2003).

<sup>71</sup> Requiring the resignation of the Minister of Education, the KFTA decided to start a disobedience movement against the MOE and withdrew from the EIC (*Yonhapnews*, 26 May 2003).

Despite the agreement, what aggravated the situation was the change of the MOE's position<sup>72</sup>. The guideline<sup>73</sup> of the NEIS announced by the MOE on the 1<sup>st</sup> of June allowed schools to temporarily decide whether to operate either the C/S system or the NEIS depending on each school's circumstance. The KTU claimed that the guideline was different from the agreement and actually forced schools to adopt the NEIS, considering that more than 97 % of schools had already adopted the NEIS. In this context, the KTU together with civil society organizations declared a severe fight against the implementation of the NEIS such as filing suits against the MOE and staging a collective walkout (*The Korea Times*, 2 June 2003). The conservative forces also continued to intensify their attacks on the MOE by collecting a signature drive for the Minister's resignation as well as a massive demonstration rally. To mediate and solve the fierce conflicts over the NEIS, the government decided to transfer the EIC from the Ministry of Education to be under the Prime Minister (18 June 2003).

The debate over the NEIS in this period unfolded with three distinctive features. First, educational organizations took a clearer stance regarding the NEIS. It was partly because the recommendation of the NHRC served as a momentum. Second, the conflict eventually

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<sup>72</sup> The Minister of Education at the National Assembly's Education Committee on the 28<sup>th</sup> of May answered that the agreement did not mean the return to the C/S system but a six-month re-examination period when the superiority of the NEIS would be proved, leading to the agreement on the entire implementation of the NEIS (*The Chosun Ilbo*, 29 May 2003).

<sup>73</sup> Meanwhile, the guideline confirmed the removal of sensitive personal information from three categories, resulting in the reduction in the number of input items (*The Hankyoreh*, 3 June 2003).

Categories	Present (A)	Delete (B)	Remain	B/A
School/ student affairs (special schools)	170 (170)	56 (37)	114 (133)	33% (22%)
Admission/admission to a School of higher grade	45	45	0	100%
Health	143	135	8	95%
total	358 (358)	236 (217)	122	66% (61%)

resulted in a choice between the NEIS and the C/S system. The NHRC advised to maintain the C/S system, for the three sensitive categories, while, the MOE left each school to decide which system to use. For these reasons, the assertion for the abolition of the NEIS indicated support for the C/S system. In a similar vein, the support for the NEIS led to the scrapping of the C/S system. The conflict was amplified rather than approached with a compromise.

### **5.3.3. Content of debate**

As discussed above, unlike the previous period, educational organizations in this period had severe confrontations leading to different assertions with regard to the NEIS. Most of all, the difference was found from the perspective of human rights protection. At the same time, two organizations took an opposite position regarding a security issue and a cost issue. Two issues emerged from the choice between the NEIS and C/S system.

In this period, the detractors of the NEIS attempted to emphasize their strong opposition by linking “rights” to “a non-negotiable goal,” “technology” to “imperfection,” and “the NEIS” to “waste and corruption.” The assertions of opponents of the NEIS including the KTU and parents’ organizations supporting the KTU can be summarized as follows; i) human rights of information are not negotiable with other goals. ii) The security problem of the NEIS cannot be solved with imperfect technology but should be approached in the social and cultural context. iii) The NEIS will require a huge amount of taxpayers’ money and was stained with corruption.

First, they emphasized a priority of human rights. The right of privacy in the information age was regarded as the most important right that is not negotiable with other goals (Kim H.-h. ,

2003a, p. 33). This went beyond the passive claims of infringement of human rights in the previous period.

Privacy is more than human rights in the information society. It becomes a legal safeguard to protect freedom and autonomy of civil society from state power which intends to manage and control the whole society with cutting-edge information and communications technologies (Kim H.-h. , 2003a, p. 30).

In this context, it was argued that infringement of human rights could not be resolved by adjusting a range of input items but only by keeping sensitive information from the three categories within the school. Furthermore, “rights” were linked to “autonomy.” In the sense that information collected in the NEIS was related to sensitive privacy of students, the NEIS was criticized to be in direct contradiction to the essential principle that student information should be collected and used in the context of educational purpose and should not go beyond the school boundary (Kim H.-h. , 2003a, p. 29). A committee member of the NHRC also insisted that where to store information matters in order to prevent the misuse of personal information.

It was the National Human Rights Commission’s judgement that the NEIS has the convenience to look through everything about students from the elementary schools to high schools, but it could be misused for that reason. ... In all OECD countries, *the personal information of students has not been centrally managed beyond the school boundary* (*The Hankyoreh*, 22 May 2003).

As such, the argument behind the NHRC's recommendation was that the NEIS "could potentially violate human rights such as the right to privacy" and accordingly the school-based C/S system should be used for the three sensitive categories.

Second, the opposition group attempted to describe security technology as imperfect. The detractors of the NEIS stressed that the extent of damage by information leakage was much greater in the NEIS and even in the situation where banks had been hacked, an electronic authentication system and a bank-level four-step security system could not remove the risk of information leakage (Kim H.-h. , 2003a, pp. 32-33). The danger of leakage and hacking in the NEIS was demonstrated by a teacher<sup>74</sup>.

Hwang (2003, p. 139) asserted the imperfections of security technologies<sup>75</sup> by definition.

Regrettably, 100% confidence cannot be given to existing security technologies. No experience has been shared that security technologies have prevailed over hacking technologies. The reason is that whatever it is, it is a man that conducts hacking or security operation. Moreover, it is the nature of technology that a security system has to trace the development of hacking (Hwang G.-m. , 2003, p. 139).

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<sup>74</sup> For example, on the 5th of May, a teacher opposing to the NEIS system attempted hacking into the NEIS and succeeded within two hours. It was broadcast through the KTU's network and revealed how the NEIS could be infiltrated by hacking. A teacher watching the process expressed serious concern about the security of the NEIS.

"I could not help being surprised by the fact that a hacker could neutralize a certificate with the simple hacking program, get into the NEIS and even exert all administrator privileges, because I had thought the NEIS was a very safe system in terms of security" (*Weekly DongA*, 5 June 2003, vol. 387, pp. 34-35).

<sup>75</sup> He also presented more specific examples of possible technological flaws in security; the ORACLE database which the NEIS adopted had six critical security problems. (Hwang G.-m. , 2003, p. 144)



In particular, a virus attack that paralyzed the Internet for 9 hours on the 24<sup>th</sup> of January 2003 showed how vulnerable the networked computers are to hacking (*JoongAng Daily*, 27 January 2003). In this regard, Hwang pointed out that the security problem was not a matter of technology but could be a type of cultural issue. He criticized the belief that security problems could be controlled and technically revealed the limits of technology-oriented thinking.

It is a man who is in charge of system security and manages and operates databases. Therefore, various social and cultural contexts such as insider's betrayal and power surveillance should be considered in the security issues (Hwang G.-m. , 2003, p. 139).

Third, the opponents' critics focused on the huge cost of the NEIS. They insisted that the 147 billion Korean won (US\$134 million) cost for building C/S system would be useless if the NEIS was implemented. At the same time, they claimed that the NEIS not only cost 52 billion Korean won (US \$47 million) in its installation, but would also cost an additional 300 billion Korean won (US\$273 million). Moreover, the KTU attempted to associate the NEIS plan with corruption by lobbying from large conglomerates<sup>76</sup>. It questioned the background of NEIS's

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What is noteworthy is that many suspicions about this system have been aroused. Although the MOE had opposed to this system at first because of the characteristics of education, it had suddenly changed to total implementation through the process which is beyond understanding. In addition, doubts that huge amounts of money were delivered during this process is being raised through the inquiries of the National Assembly and media. Even many teachers are questioning that it's odd that the previous 150 billion won (\$163 million) invested in the C/S system was suddenly scrapped and the NEIS, requiring extra cost of 300 billion won (\$381 million) as well as supplies of 50 billion won (\$54 million), is introduced. However, as the details concerning this decision are still not disclosed, the suspicion is on the increase. As long as the education informatization project is spending huge amounts of taxpayers' money, the public should be better informed about the suspicions raised so far (Press release from the KTU, 17 March 2003).

implementation and argued that Samsung SDS, a main supplier of the NEIS system, lobbied the MOE (*The Hankyoreh* 21, 5 June 2003, vol. 462).

Regarding the cost issue, notable criticism is found in the NHRC's recommendations. The NHRC concluded that economic profits and losses could not override the value of private information (National Human Rights Commission, 2003)<sup>77</sup>. As such, anti-NEIS groups placed higher value on democratic codes such as human rights than on developmental code such as efficiency and cost-effectiveness.

Meanwhile, in this period, the proponents who represented the KFTA and the Association of Principals attempted to defend the NEIS by linking "the NEIS" to "a necessity of information age" and "the KTU" to "the threat to national interest." Their arguments to support the NEIS are as follows; i) the NEIS is such a necessity of the information age that human rights can be sacrificed. ii) Security issues are technically manageable. iii) The NEIS is cost-effective. iv) The KTU is in line with anti-Americanism and it shows no responsibility for society but makes selfish and radical claims on society.

First, the defenders for the NEIS argued that the operation of NEIS should be recognized as a necessity of the information age. The following contention in a conservative newspaper seems to reveal the background of the argument recognizing the NEIS as a product of the new information age.

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See also relating articles for this argument such as *The Hankyoreh* 21, vol. 463 (5 June 2003), vol. 464 (19 June 2003) and vol. 465 (26 June 2003).

<sup>77</sup> What is noteworthy is that the NHRC admitted that the cost of reverting to the C/S system could be huge partly because the security of the C/S system needed to be improved, regardless of a wide range from 45 billion Korean won (the KTU) to 2.3 trillion Korean won (the MOE) of estimated additional cost.

Improving the administration of education affairs is the key to becoming an advanced information society. If we look at the issue in the context of modernizing the administration of education, we can find solutions to the controversy easily. ... The information age will never come without individual patience and tolerance. Mutual trust and an open heart can help us succeed (*JoongAng Daily*, 20 May 2003).

The MOE also supported this argument by saying the “the efficient accumulation and storage of information is a clear trend in the information age” (*The Chosun Ilbo*, 30 May 2003). In this context, contrary to the proponents’ assertion, proponents of the NEIS argued that the implementation of the NEIS with elimination of sensitive private items would be better than its total withdrawal in the information age and other human rights issues could be resolved with the decisions by the NHRC or the judiciary. Furthermore, the MOE argued that if the concerns over human rights infringements would lead to the abolition of the national informatization projects, it would jeopardize significant national interests and threaten the survival of the country in the future (Kim J.-g. , 2003, p. 13). As such, proponents viewed human rights as something that could be negotiated with other goals. In other words, human rights were portrayed as a dispensable item that could be sacrificed for the sake of administrative efficiency.

Second, the advocates of the NEIS argued that security issues were manageable technically. They claimed that from a technological view point, the NEIS would be safer than the C/S system in terms of security. Stressing the technological superiority of the NEIS,<sup>78</sup> they asserted that if we were to follow the law for protection of personal information in public institutions, there would be no problem of the infringement on human rights (Press release

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<sup>78</sup> It was supported by the MOE maintaining that the NEIS was better than the CS system in terms of security.

from the KFTA, 4 June 2003). The following opinion in a conservative newspaper may show how the security can be justified from the viewpoint of technology.

The NEIS appears to have no technical flaws; its workability has been verified by highly qualified specialists, including those at the National Computerization Agency. The information entered into the NEIS is encrypted before it is stored, thereby all but eliminating access to personal files by hackers. The level of security technology behind the NEIS is superior to that of ordinary personal computer networks and the existing education information system, providing a measure of safety on a par with Internet banking (*JoongAng Daily*, 20 May 2003).<sup>79</sup>

Third, the NEIS was described as a cost-effective system. They asserted that as existing information systems were gradually replaced by new internet software technology, the NEIS was more economically efficient. Specifically, the MOE explained that as the development of hardware and software in the NEIS was completed at a cost of 52 billion Korean won (US\$47 million), and it would cost only 300 billion Korean won (US\$273 million) more for the management of the NEIS. However, returning cost to the C/S system was estimated to be 795 billion Korean won (\$723 million) only for the first year because of the cost of buying and changing servers for the C/S system at individual schools, the cost of building a security system, and maintenance and repair costs. Furthermore, half of the above cost was estimated to occur for the following year resulting in up to 2.3 trillion Korean won (US\$20.9 billion) additional money to run the C/S compared with running the NEIS during next five years (*The Weekly Chosun*, 12 June 2003, vol. 1757).

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<sup>79</sup> This opinion was written by Kim Hyoung-joo (a professor of computer science at Seoul National University).

Lastly, the proponents attempted to link the KTU to the threat to the national interest. The critics against liberal forces insisted that the issues of the NEIS stemmed from their radical and political approach without any solution (Press release from the KFTA, 13 May 2003; 17 May 2003). The proponents argued that the KTU's assertion to revert back to C/S system would cause more confusion in schools and overburden teachers in charge of inputting information (Press release from the KFTA, 4 June 2003). The KFTA claimed that as the teachers who were in charge of inputting information had worked to transfer information from the C/S system to the NEIS, returning to the C/S system which requires retrieving information would cause an excessive workload.

In particular, as discussed in section 5.3.1, a principal's suicide and confrontations with anti-war class lessons provided conservative forces chances to criticize the overall activities of liberal forces including the KTU as well as their arguments against the NEIS.

After the government said it would conduct a study to gauge the level of anti-U.S. sentiments being taught in schools, the union retorted that it would not stand still in the face of "criticism with evil intentions." The unionist teachers also announced a "pan-national disobedience movement" against the introduction of the new information system which schools are implementing nationwide (*The Chosun Ilbo*, 2 April 2003).

By stigmatizing the KTU as anti-Americanism in the case of anti-war class lessons and as a political and unprofessional entity in the principal's suicide case, conservative forces appealed to the development ideology which was connected with anti-communism (Pro-North Korea and anti-Americanism).

*Jeongyojo* is now a massive political element that overwhelms Korean education. It exercises massive influence over the content and means of teaching. Now it needs to act with a sense of responsibility becoming of such an organization (*The Chosun Ilbo*, 8 April 2003).

It indicates that conservative forces' argument against the KTU resorted to the developmental codes originated from anti-communism as well as efficiency in informatization. They argued that society was being overtaken by the KTU's self-righteous obstinacy and radical protests such as mass leave of absence.

Most people now doubt the government, and are asking "how can you call yourself a government if you can't do anything without *Jeongyojo*'s stamp of approval?" (*The Chosun Ilbo*, 26 May 2003)

On the basis of the above discussion, some findings can be summarized as follows. First, the conflict over the NEIS reached a peak in this period. The dispute over the NEIS became so complicated that it made trouble with all Korean society as well as at school fields and the confrontations of social values were intensified.

The dispute over school education currently taking place in Korea is not just a dispute but a war. ... *The "educational war" is the shadow of a war in a larger society.* Thus, trying to solve problems related to education with the reform of the education system is as useless as using a cleaner to remove the shadow (*JoongAng Daily*, 11 May 2003).

Second, compared to the previous introductory period, one of the characteristics in this period is that the educational organizations were divided into proponents and opponents for the NEIS.

The discussants in the NEIS debate in this period had changed to the KTU versus anti-KTU from all teachers institutions versus the MOE.

*In the next school year, it may be the case that parents will ask schools to notify them as to which teacher belongs to which organization and choose teachers for their children according to that information (JoongAng Daily, 11 May 2003).*

As the controversy over the NEIS intensified, the contenders expanded to various social organizations which flourished during the transition toward democracy. Accordingly, it led to the conflict between the conservative forces and the reform forces, particularly through three events, namely the presidential election, anti-war class lessons and a principal's suicide.

Third, in terms of value conflict by the contenders, some other differences between the two periods can be found. Like the previous period, the basic conflict between human rights and efficiency continued in this period. However, one of differences between the two periods is that contenders in this period insisted on which values should be dominant. Their stances emerged clearly after the recommendation of the NHRC that the previous school-based C/S system should be used for the three sensitive information categories. The opponents asserted that human rights could not be negotiated with other goals and the deletion of some private information could not complement the fatal and potential information leakage problem in the NEIS. In contrast, the proponents of the NEIS argued that convenience and efficiency could override human rights in the information age. Unlike the opponents who stressed that security problem would not be a technical issue, the supporters for the NEIS highlighted the superiority of technology. In terms of the cost issue, the proponents argued that the NEIS would be more cost-effective than the C/S system.

Another distinctive difference was that the controversy between human rights and administrative efficiency in the previous introductory period began to evolve into the conflict between conservative values and reform values, namely between the development code and the democratic code. For example, the principal's suicide which changed the characteristic of the debate over the NEIS provided an opportunity to discuss authoritarianism and feudalistic characteristics and sexual discrimination embedded in schools.

The last feature in this period was that arguments were closely related to the contenders' intrinsic characteristics. For example, conservative forces attempted to link the KTU's arguments against the NEIS to the negative legacy of the KTU. In other words, critics from the conservative forces sought to stigmatize the KTU's arguments against the NEIS with the fault of the KTU's activities. As such, the opposition to the NEIS was contaminated by the KTU's radical inclination. It indicates that conservative forces resorted to the developmental code relying on anti-communism which is deep-rooted in Korean society and efficiency which is one of advantages in the informatization. In conclusion, the contents of controversy in this period became more complicated, as shown in Table 5-2.

## **5.4. The period of reconciliation (July 2003 ~ December 2003)**

### **5.4.1. The unfolding process of reconciliation**

The EIC was transferred to the offices of Prime Minister in June of 2003, declaring that all issues would be reviewed from scratch. However, it was not until September 2003 that the



**Table 5-2** The contents about the dispute between advocates and opponents

	<b>Against the NEIS</b>	<b>In favour of the NEIS</b>
<b>Actor</b>		
	Korean Teachers and Education Workers' Union (KTU), Liberal parents' organizations  Reform forces	Korean Federation of Teacher's Association (KFTA), the Association of Principals, the Korean Union of Teaching and Education Workers, Conservative forces
<b>Contents</b>		
The recognition for human right	The right of privacy in the information age is the most important right so it cannot be negotiated with other goals.  Information accumulation could lead to surveillance by the government.	Human rights can be negotiated with other goals.  The operation of NEIS should be recognized as a necessity of information age.
The security of the technology	The danger of leakage and hacking in the NEIS are inevitable. Security technologies are imperfect.	The NEIS would be safer than C/S system in terms of security. The NEIS is technologically superior.
Problem of cost	The cost of introducing the NEIS is huge.  The NEIS plan may be closely related to a corruptive conglomerate's lobby.	The NEIS is cost-effective.  The cost of returning to C/S is more expensive than running the NEIS.
The difference of political orientation		Liberal forces' critics against the NEIS stemmed from their radical and political approach.
<b>The contents of symbolic conflict in civil society</b>	Human rights are not negotiable.  The administrative efficiency could not override the fundamental right of the people.  The danger of leakage and hacking are inevitable.	Human rights are negotiable.  It is a necessity of information age It improves convenience and efficiency.  Security issues are technically manageable.

negotiations between the MOE and the KTU resumed. The reason for this was that the KTU announced no participation in the EIC and started a hunger strike together with many civil society organizations<sup>80</sup>. The KTU argued that the government composed the EIC unilaterally excluding the anti-NEIS civil society organizations. The liberal forces, including the KTU, jointly staged protests against the NEIS, such as participating in a strike with the Korea Confederation of Trade Unions (hereafter KCTU) (25 June 2003)<sup>81</sup>.

In particular, on the 8<sup>th</sup> of July, 43 civil society organizations<sup>82</sup> launched the “Joint Struggle Committee to Protect Human Rights in Information Society and against NEIS” (hereafter JSCNEIS), announcing the start of a big run for the abolition of the NEIS and the protection of human rights in the information society (Press release from the JSCNEIS, 8 July 2003).

“JSCNEIS will carry out many activities and campaigns to break the E-government projects which infringe the human rights and to socially widen the discussion of human rights in information society” (A Joint Struggle Committee for Human Rights in Information Society and Against the NEIS, 2003a).<sup>83</sup>

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<sup>80</sup> They are Korean Progressive (*Jinbo*) Network, Korean Human Right Group (*Sarangbang*), Centre for Human Rights Dasan, Peace & Human Rights Coalition, Chunbuk Peace & Human Rights Coalition, Human Rights Committee of Catholic Church, and Minkakyup Human Rights Group and Won Buddhism Human Rights Committee, etc.

<sup>81</sup> Other protests were to pay a visit to the MOE (20 June), to send “complaint to ILO about the Korean government implementing the NEIS (21 June), to take collective leave for one day walkout (21 June), to hold press conferences (23 June; 25 June; 27 June), etc.

<sup>82</sup> 43 entities included a progressive political party (Democratic Labour Party, *Minju-nodong dang*), human rights education students parents and civil society organizations such as the KCTU, Lawyers for a Democratic Society, Parents’ Association for True Education, and Civic Solidarity for Education Reform.

<sup>83</sup> <http://noneis.jinbo.net/english.html> accessed 8 January 2012.

However, KTU's demonstrations, which were coupled with strikes led by the KCTU, faced a hard stance from the government<sup>84</sup>. At last, the liberal forces decided to participate in the 3<sup>rd</sup> meeting of the EIC (8 September 2003)<sup>85</sup> and both the EIC and the JSCNEIS held public discussion meetings<sup>86</sup>. At the public discussion meeting, the KTU suggested the School Education Information System (hereafter SEIS) on the grounds that students' information should be collected and managed within a school (Kim H.-h. , 2003b, p. 31). It was a type of advanced C/S system which did not allow the access via the Internet and accordingly was operated by each school with its own server<sup>87</sup>.

Meanwhile, while the KTU were boycotting the NEIS, the MOE attempted to sneak the NEIS into the tight universities application schedule. The MOE announced the guidelines that the NEIS would be used only for the 3<sup>rd</sup> grade students and schools were required to submit CD-ROMs containing student's personal records and academic profiles to universities (10 October 2003). It angered the KTU who raised suspicion that the MOE intended to virtually enforce the NEIS. The KTU filed provisional disposition petition for the ceasing of production and distribution of CD-ROMs (24 October 2003).

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<sup>84</sup> The government took legal action against KTU's executive board and teachers who joined the leave walkout. The KTU's chairman was arrested on charges of leading illegal strikes (17 July 2003) but was bailed on the 21<sup>st</sup> of August 2003.

<sup>85</sup> The KTU's explanation for the decision was that the KTU needed to progressively participate in the policy decision making process because i) the NEIS issue, cause for conflicts in school fields should be resolved as soon as possible and ii) a policy recommendation of the EIC at the end of that year would have a significant influence in the coming education informatization direction.

<sup>86</sup> The EIC held a public debate titled as "Issues and Tasks of Education Administration Informatization" on the 17<sup>th</sup> of September. The JSCNEIS organized massive demonstrations<sup>86</sup> in September but it also held a public debate for providing an alternative to the NEIS (1 October 2003).

<sup>87</sup> The SEIS was officially proposed to the EIC on the public hearing of the subcommittee under the EIC on the 24<sup>th</sup> of October.

The petition was approved by the court on the 28<sup>th</sup> of November 2003, clarifying that CD-ROMs storing 6 million students' information would put privacy at risk if it were to be distributed to all universities. The fact that each CD-ROM contained information on all 6 million students indicated that universities would possess information of all students rather than that of their own applicants. Furthermore, universities planned to keep the CD-ROMs for 4 years. Based on the Act on the Protection of Personal Information Maintained by Public Agencies, the court declared that personal information should not be used or be transferred to another agency for purposes other than those of its original collection. In this regard, the court's explanation was that the MOE did not have the authority to distribute students' information to universities for the universities application process without prior consent by each student. The court stressed that "the protection of privacy was more important than the convenience of education administrations" (*The Chosun Ilbo*, 29 November 2003).

However, the MOE refused to follow the court's ruling, arguing that the ruling was applicable to only three students who filed the petition and accordingly decided to distribute the CD-ROMs eliminating the information of those three students. Conservative newspapers also opposed the court's decision, claiming that CD-ROMs were necessary because of a tight application schedule and the distribution of CD-ROMs had been the established practice since 1997 (*The DongA Ilbo*, 29 November 2003; *JoongAng Daily*, 29 November 2003)<sup>88</sup>. Even though the court explained that the ruling did not mean the cessation of the construction of the NEIS, it seemed to reproduce the severe conflict which had occurred in the previous period.

In the frequent meetings of the EIC, ways to implement the system for the three information categories were discussed. The 7<sup>th</sup> meeting of the EIC on the 15<sup>th</sup> of December 2003 formed a

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<sup>88</sup> The KTU urged the MOE to respect the ruling and threatened a lawsuit to claim damages against the MOE.

broad outline for the implementation of the NEIS; i) 24 of 27 work fields would be managed in the existing NEIS, ii) 3 fields, such as School/student affairs, Admission/admission to a school of higher grade and Student health, were separately operated in the form of an independent system not in the existing NEIS and iii) the independent system would be physically and separately operated by a server installed in each school or by a group server combining schools and would be managed by an education office in 16 cities and provinces base or outside professional organizations (Education Information Committee, 15 December 2003). The last was called “Co-location” method.

The decision was a compromise between the MOE and the KTU. The MOE steadily preferred a server built in the education offices and operated by each school. In contrast, the KTU insisted that each school should operate its own independent server in each school. Hence, the liberal forces including the KTU welcomed and accepted the decision (Press release from the JSCNEIS, 15 December 2003) on the basis that a physically separate server would be built in each school and accordingly the authority to control students’ information would remain within a school.

However, the KFTA opposed the decision, arguing that “to manage the three fields with an independent server for each school will cost too much to create but will also require much expense to maintain” (*The DongA Ilbo*, 16 December 2003). A further problem of the outline solution was that some specific issues remained unsettled and were left to be discussed in the next meeting (Education Information Committee, 15 December 2003). One of the specific issues was the criteria by which an independent server would be installed. It was closely related to the cost issue.

The 8<sup>th</sup> meeting of the EIC on the 30<sup>th</sup> of December 2003 did not reach agreement on this issue despite a heated debate. The MOE preferred fewer independent servers<sup>89</sup>. The reason for this was that ‘institution and system based design’ could prevent human rights infringement and thus, group servers rather than many independent servers were preferred (*Inew24*, 4 January 2004). The KTU insisted on more independent servers<sup>90</sup> in accordance with the core principle of human rights protection in the agreement of the 7<sup>th</sup> meeting. Such a wide difference resulted in the rejection of the EIC’s proposal<sup>91</sup> by a vote of 8 to 10.

However, the proposal was finally accepted by the last meeting of the EIC on the 9<sup>th</sup> of February 2004 on the condition that the new system would be installed within the initial installation budget of the NEIS, namely 52 billion Korean won<sup>92</sup>.

From the above, some findings can be summarized as follows. First, compared to the previous two periods, the main debate over the NEIS in this period was conducted through the official process, namely the EIC of the government. It seems to raise the possibility of compromise between contenders because the official meetings tend to provide a place for negotiations and decisions. Second, participants in the controversy over the NEIS expanded to more civil society organizations in this period. The KTU’s protests became mixed with massive

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<sup>89</sup> The MOE suggested that around 200 independent servers would be enough. The estimated cost was 20 billion Korean won.

<sup>90</sup> It suggested that around 4,000 independent servers should be required. According to the KTU, high schools, elementary and middle schools with over 31 classes and special schools with handicapped students would operate an independent server. The KTU estimated the installation would cost around 70 billion Korean won.

<sup>91</sup> It was around 2,500 independent servers which were the sum of both an independent server per around 15 elementary and middle schools and an independent server for each high and special school.

<sup>92</sup> The final agreement was approved at the Ministerial meeting on the 3<sup>rd</sup> of March 2004. After several negotiations between the MOE and the KTU and reviews on new system design for three categories, the official launch date of the new system was decided to be the 1<sup>st</sup> of March 2006 (Press release from the MOE, 20 September 2004).

demonstrations by Labour Unions and a political party. It would imply that the arguments of the KTU against the NEIS would be highly likely to be contaminated by the activities of the Labour Unions. Third, the focus in this period was placed on the more specific and technical issues relating to three sensitive information categories. In the sense that the three categories were composed of 65% of the NEIS input items (Park J. , 2006, p. 8), the decision on whether they would operate within the existing NEIS and how they would be controlled seemed to be essential in this period.

#### **5.4.2. Content of debate**

The opponents of the NEIS in this period attempted to link “information” to “democracy” and “the NEIS” to “irrationality and illegality.” The liberal forces purposefully emphasized democracy in the information age, such as right of information self-determination and autonomy, in order to secure more favourable position in the agreement of the EIC. The assertions of opponents in this period were as follows; i) as the right of information self-determination is indispensable in the information age, sensitive information should be controlled within the school fence. ii) The goals of education can be achieved effectively as long as autonomy and professionalism in education are respected. iii) The NEIS is irrational and illegal.

First, opposing groups continued to put more emphasis on human rights rather than an efficiency of education administration. For instance, maintaining abolition of the plan for production and distribution of CD-ROMs, the KTU condemned the MOE which ignored the human rights infringement within the plan in pursuit of administrative expediency (Education Informatization Committee, 2003a, p. 7). In the case of the ruling by the court for the

distribution of CD-ROMs, the KTU criticized the refusal of the MOE to follow it, insisting that the efficiency of administration could not be compatible with the protection of human rights in the information age.

"When the court ruling concerns human rights issues in a government policy, the ministry still looks at the issue from the convenience and efficiency of school administration," the union's spokesman Song Won-jae said (*The Korea Herald*, 29 November 2003).

The notion of the right of information self-determination was repeatedly employed for emphasizing the priority of personal information protection over administrative efficiency. The right of informational self-determination implies that students and teachers should be ensured that the individual has the right to dispose over the production and use of his or her personal information. Accordingly, its indication is that personal information should be managed in pursuit of a "Collection Limitation Principle"<sup>93</sup> and a "Purpose Specification Principle"<sup>94</sup> (Kim H.-h. , 2003c, p. 21). The detractors of the NEIS argued that these principles were violated by the NEIS because the NEIS aimed to allow education offices outside school to manage and control students' information which should be kept and shared within the school fence on the basis of these principles (Kim H.-h. , 2003c, pp. 20-21).

The court also declared that only the principal of each school is entitled to produce and distribute personal information of students on the basis of relating laws.

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<sup>93</sup> According to the OECD guideline, it is said that "7. There should be limits to the collection of personal data and any such data should be obtained by lawful and fair means and, where appropriate, with the knowledge or consent of the data subject."

<sup>94</sup> It is that "9. The purposes for which personal data are collected should be specified no later than at the time of data collection and the subsequent use limited to the fulfilment of those purposes or such others as are not incompatible with those purposes and as are specified on each occasion of change of purpose."



The Minister of Education has only the authority to set criteria on writing and managing the records of school life. The principal in each school has the right to produce and distribute the records. In this regard, the principal also has the authority to make and disperse the records in the electric form (Press release from the JSCNEIS, 28 November 2003).

The concept of the right of information self-determination was a useful point for insisting that an many independent servers as possible needed to be installed, an intentional attempt to virtually cripple the NEIS.

Second, the NEIS was described as anti-democratic. Opponents strongly tried to defend the vision of school autonomy from the government. They claimed that the NEIS could encroach on autonomy and professionalism in education. Their argument was that the standardized education administration based on the NEIS would lead to the surveillance and control of teachers. Furthermore, it was pointed out that the goals of education could be achieved if education would be suitable to an educatee's circumstance, character, ability and background and accordingly the unified criteria enforced by the NEIS could just increase competition in school (Lee E.-w. , 2003 , pp. 107-111). As stressed by Kim (2003c, p. 33), the autonomy of education and school was one of the important reasons why the SEIS, namely closed school-based system, should be adopted rather than the NEIS (Press release from the KTU, 24 October 2003).

The NEIS case is at the crossroad of education informatization; either to respect autonomy in school and the human rights of students or lead to the control of teachers and potential violation of human rights (Lee E.-w. , 2003 , p. 33).

Third, detractors of the NEIS tried to signify the NEIS issue as one of education reforms. The JSCNEIS claimed that the EIC should review existing practices related to student information as well as the NEIS (Press release from the JSCNEIS, 8 September 2003).

The struggle over the NEIS gave the chance to review the fundamental issues in the process of education informatization. We realized that the problem was not a choice between the C/S system and the NEIS but the customary practices in school collecting excessive information and managing it without any principle (A Joint Struggle Committee for Human Rights in Information Society and Against the NEIS, 2003b).

In this context, they requested an education reform to customary practices in school such as poor school meal services, corporal punishment, personal corruption, and bribes from parents (Press release from the KTU, 18 July 2003). Along this line, for the agreement on the 15<sup>th</sup> of December, the editorials of a liberal newspaper expressed the hope that the agreement on the NEIS would provide the momentum to correct the school and education system stained with a long tradition of feudalism, standardization in the era of military regimes, and inhumane values (*The Hankyoreh*, 17 December 2003).

Fourth, the opponents criticized that the NEIS had no legal basis.

They [civil society organization] also condemned the fact that the government is trying to gather lots of private information into this system without any agreement from people, so it is absolutely illegal and unconstitutional (Press release from The Centre of Jinbo Network, 21 June 2003).

As shown in the filing of the provisional disposition petition for the CD-ROMs, the MOE's accumulation of personal information through the NEIS was portrayed as being against the spirit of Constitution in the sense that it collected excessive personal information without any legal basis (Press release from the KTU, 24 October 2003). The KTU insisted that the court's ruling on CD-ROMs could be applicable to the NEIS. In other words, as long as the collection of information into CD-ROMs without the student's consent was illegal, it was argued that the NEIS was similar to the CD-ROMs in terms of no agreement from students and as a result would be against the law.

The supporting groups for the NEIS in this period intended to connect "limited resources constraints" to "new system design" and "informatization" to "necessity for education." Their claims against the activities of the KTU were used to refute the KTU's argument against the NEIS. Proponents' arguments can be summarized as follows; i) the NEIS is efficient in terms of cost and university application schedule. ii) The NEIS is required for the purpose of education. iii) The KTU staged illegal demonstration with hostile and intransigent Labour Unions and violated the student's right to an education.

First, proponents continued to maintain the advantages of the NEIS in terms of efficiency. Compared to the previous period, the focus of this period was on the students' university application schedule and cost issue. They argued that, considering the tight schedule, the NEIS was far less time-consuming than other alternatives. Such arguments were also one of the most important grounds of supporting the universities' requests for CD-ROMs.

... said Hwang Dae-joon, administrative officer at Sungkyunkwan University. "Given the large number of students and tight schedule, the year-end entrance exam might lead to chaos" (*The DongA Ilbo*, 21 August 2003).

Using this argument, conservative newspapers supported the MOE's decision to continue to distribute CD-ROMs.

However, the ministry's decision to continue manufacturing the CDs without the data of the three students who filed the suit is an inevitable choice taking into account the college application process (*JoongAng Daily*, 29 November 2003).

We totally agree with the MOE's determination, considering the concern over the deadlock of university application process (*The Munhwa Ilbo*, 29 November 2003).

The cost issue was frequently used as a counter-argument to the opponent of the NEIS. For the installation of independent servers, the KFTA opposed to the KTU's argument of one independent server per school, claiming that the cost would be huge (*The DongA Ilbo*, 16 December 2003). The MOE estimated the KTU's suggestion would cost 2.3 trillion Korean won. In this context, the KFTA proposed the installation cost as the most important criterion for the decision on the number of independent servers.

The "co-location" method or the KTU's suggestion of independent server operation per school can never be accepted. The adverse effects, such as a loss of an astronomical sum of taxpayers' money and an increase in workload of teachers, are serious (Press release from the KFTA, 15 December 2003).

This argument seemed to be included as the important part of the agreement in the final meeting of the EIC; the new system should satisfy the initial budget constraints.

Second, advocates insisted that the NEIS would be an essential and effective device for education. The basic idea comes from the belief that the more information we have on a student, the higher quality of education can be provided to the student.

From the point of view of educational values, it would be better to collect more information on a student in order to guide the student effectively (Kim J.-C. , 2003, p. 7).

The reason why the assertion was stressed in this period was partly because the debate was held in the official governmental committee with educational experts. Administrative efficiency and convenience of administration service looked unappealing in the debate with a small group of experts. Proponents believed that the collection of student information would be inevitable to obtain the goals of education. They stated that the collection of student information would be virtually impossible from the perspective of the encroachment on a student's human right. Hence, they argued that the information collected in school should not be evaluated just by the human rights infringement. Instead, it was claimed that the information should be judged eventually on the basis of the necessity to enhance educational effectiveness (Lee C. , 2003, pp. 41-42).

Third, proponents criticized that the KTU's activities against the NEIS were illegal and political. For example, the collective leave of absence was condemned as illegal and criminal complaints were filed against the executive board of the KTU. Along the same line, the government declared that the participants in the massive rally would be subject to punishment.

Teachers union members who joined the demonstration on Saturday and those who participate in a strike with the Korea Confederation of Trade Unions today will be subject to punishment, the official said (*JoongAng Daily*, 25 June 2003).

In particular, the KTU's joint strike with Labour Unions and a political party invited strong criticism from the conservative forces who attempted to promote a violent and political image of the KTU. The defenders for the NEIS attempted to relate the KTU to the counter-democratic side by emphasizing the KTU's motivations.

Yesterday's partial strike led by the KFTU, for instance, was demonstrating against the system. Demands such as abolishing the free economy, district laws, and the National Education Information System were part of *a political demonstration for "professional" labour movement members*. ... *The greedy group struggles* of large, energetic labour unions cause an excessive increase in labour costs, and much of that heads on to subleased companies or middle and small businesses (*The Chosun Ilbo*, 26 June 2003).

Fourth, the supporters of the NEIS argued that the KTU violated the student's right to education which runs against democratic ideals. The critics argued that the KTU used students as hostages for its selfish goal and consequently students became the victim of the illegal protests by the KTU. The first tough stance against the KTU by the government seems to come from this argument.

"KTU's collective leave will be strictly dealt with in order to protect the students' right to education," Prime Minister Koh Gun said during a meeting with the nation's 16 city and provincial government education superintendents (*The Korea Times*, 20 June 2003).

In line with it, conservative forces filed a lawsuit against the KTU's executive board, arguing that "the KTU is infringing on students' right through illegal acts such as taking collective leave from school" (*JoongAng Daily*, 25 June 2003). A conservative newspaper explained that police would charge an illegal protest led by the KTU.

The police see the protest by KTU as a violation of the law, which bans any collective action, strike or boycott by education workers (*The DongA Ilbo*, 28 June 2003).

From the above discussion, some findings can be detected as follows. First, the debate over the NEIS in this period also still resorted to the conflict between the democratic code and the developmental code. However, one salient feature in this period was the change in contents of each code. To be more specific, for the democratic code, the concept of 'rights of information self-determination' was stressed in the critical issues such as that of the need for an independent server. Within the developmental code, the need for high quality of education as well as budget constraints was highlighted. It seemed to be caused by the fact that the main debates in this period were conducted in the governmental committee with experts as mentioned above.

Second, discussants, particularly conservative forces, in this period attempted to stain their counterpart's image more aggressively. It was partly because the KTU's activities against NEIS in this period were accompanied with the protests of Labour Unions as well as other liberal civil society organizations. Conservative forces signified the KTU's illegal and self-righteous image. Instead, the liberal forces responded passively and concentrated on the original issues of the NEIS such as human rights infringement and school autonomy. Even

though the inherent problems in school were also raised in this period, they were not the main issues and hence, did not have significant effect on the debate in this period. As a result, it indicates that conservative forces made full use of both sides of developmental codes in Korea, namely efficiency and anti-communism.

Third, the final agreement reflected arguments from both liberal forces and conservative forces. As shown in Table 5-3, the compromised plan considered both cost constraints and human rights. Under the time constraints, namely universities application schedule, and budget constraints, the contenders were pressured to reach the agreement partly because the severe confrontation over the NEIS had continued for around one year in the turmoil of civil society during the transition toward democracy. As such, the debate over the NEIS resulted in an ambiguous reconciliation between the democratic code and the developmental code.

**Table 5-3** The comparison of three plans

	<b>MOE</b>	<b>Agreement</b>	<b>KTU</b>
Content	Operating integrated system which has the server installed at 16 education offices.	Each school operates an independent server and servers are managed in the 16 education offices in cities and provinces. (co-location method)	Operating independent server in each school. (SEIS)
The basic argument	An integrated system is cost effective and contributes to higher quality of education.	Both the cost constraints and human rights should be considered together.	All system but independent server per school cannot protect the students' human rights of information

▪ Reference: Reorganized by author on the basis of Chang Woo-Young (2004, p. 183) .



#### **5.4.3. The structure of discourses in civil society in the period of reconciliation**

The structure and symbolic system of controversy in this period can be summarized as shown in Table 5-4. Compared to the structure in the introductory period (Table 5-1), two distinctive features can be found. One salient feature is the perception about the government including the EIC. The EIC tried to be a mediator between conservative forces and reform forces. After all, it was understood as the neutral symbol, between the good and the bad, after the KTU participated in the EIC from the 3<sup>rd</sup> meeting.

The other characteristic is that anti-communism was linked to a positive side of the NEIS. The debate over the NEIS in this period shows that the tension between the developmental code and the democratic code re-emerged, even though the latter was dominant in the introductory period. What is noteworthy is that conservative forces depended on the developmental code's emphasis on anti-communism rather than efficiency. As depicted in Table 5-1, the MOE in the introductory period of the debate was eager to persuade civil society by emphasizing administrative efficiency and convenience from the developmental code. However, as the debate evolved, conservative forces including the KFTA exerted more effort to pollute the KTU by accusations that the ideological viewpoints of the KTU were not in accordance with the core values of Korean civil society based on the developmental code's theme of anti-communism. As such, the KTU's arguments against the NEIS were contaminated by the KTU's image that it was a threat to national interest. Advocates for the NEIS also attempted to defend the NEIS by assigning liberal forces to an illegal and self-righteous image. In short, the dispute over the NEIS could not be resolved by drawing on either the democratic code or the developmental code because neither of them became dominant.

**Table 5-4** The symbolic system of the dispute over the NEIS: The period of reconciliation

<b>The structure of the dispute over the NEIS in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Policy	NEIS	
Actor	EIC	
Discourses	<p>The encroachment on autonomy and professionalism of education by the NEIS.</p> <p>Existing customary practices from tradition of military regime in school to collect excessive information and manage it.</p> <p>Collecting excessive personal information illegally.</p> <p>Infringement students' right through illegal act such as taking collective leave from school by the KTU.</p>	<p>The protection of human rights.</p> <p>The right of informational self-determination.</p> <p>The advantages of the NEIS in terms of efficiency.</p> <p>The more information on a student, the higher quality of education.</p>
<b>The structure of cultural value system in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Culture(value)	<p>Dictatorial government</p> <p>Information control</p> <p>Corruption</p> <p>Infringement of privacy</p> <p>Communism, anti-Americanism</p> <p>Radicalism</p> <p>Inefficiency</p> <p>Irrationality</p> <p>illegality</p>	<p>Democracy</p> <p>Information rights</p> <p>Justice</p> <p>Human rights</p> <p>Protection of privacy</p> <p>Informatization</p> <p>Anti-Communism</p> <p>Efficiency</p> <p>Rationality</p> <p>legality</p>

In this regard, the compromise between the two forces based on either the developmental code or the democratic code seemed to be unavoidable.

## **5.5. Conclusion**

The purpose of this chapter was to examine civil society in the transition toward democracy through the dispute over the NEIS. In the debate of the electronic ID card, when the first government was elected from the opposition party in 1998, the democratic code seemed to be established as the dominant code. That of the NEIS hit its stride after the first accession to power by only democratic forces without any coalition in 2002. What is of interest is that while the electronic ID card was scrapped, the NEIS was implemented after some revision. Hence questions can be raised as to i) whether the democratic code failed to be more sediment in civil society as the dominant code, ii) the possible tension between the democratic code and the developmental code, and iii) the process and consequences of the tension. Furthermore, the existing studies on the debate over the NEIS paid scant attention to what instructs action and speech in civil society and how discussants divide people into the categories of inclusion and exclusion.

With this in mind, this chapter examined the dispute about the NEIS by drawing on the framework from the traditions of the different codes. The implications which can be drawn from the process of the debates are as follows. First, like the debate over the electronic ID Card, the controversy over the NEIS not only confirms the co-existence of the democratic code and the developmental code but also the contestation for dominance between them. It may be evidenced that the developmental code did not disappear in the transition toward democracy in Korea. This is in line with the findings in the Brazil case by Baiocchi (2006).

Second, unlike the case of the electronic ID card where the developmental code depends on efficiency of administration, that of the NEIS shows the distinctive feature that the developmental code in Korea is associated with anti-communism as well as efficiency. At the end of the first period (from the end of 2002 to the first quarter of 2003), the arguments against the NEIS by most social organizations seemed to draw on the democratic code. However, what is noteworthy is that, as the dispute continued, conservative forces started to depend on the developmental code derived from anti-communism to divide discussants into the categories of inclusion and exclusion. During severe confrontation between discussants in the second and final period of the NEIS debate, they continuously attempted to link reform forces with threats to the national interest by drawing on anti-communism. Hence, it can be concluded that as discussed in chapter 2, the developmental code as the amalgamation of efficiency and anti-communism in Korea is likely to have more enduring and pervasive influence on civil society in Korea than in other countries. It may indicate that even though the democratic code has the tendency to be dominant, its validity will be contested continuously for a considerable period.

Lastly, it is found that the parameters of the conflict expanded through both contenders and their arguments in the transition toward democracy. The parameters of the conflict expanded from between the government and social organizations to between social organizations. Of special interest is the differentiation of social organizations which may be one of the salient features of the transition to democracy. For instance, teachers' organizations with similar arguments in the introductory period of the NEIS debate were split over the strategies against the NEIS and furthermore positioned as counterparts in the second period. The main selling point of their arguments was also differentiated in every period of the dispute. It may imply

that the vehement confrontation between conservative forces and liberal forces was inevitable and fierce symbolic practices were conducted by linking other forces to their negative image which would not be accepted in civil society. For example, the advocates of the NEIS pronounced the NEIS as “nice,” while opponents of the NEIS called it as “n-e-i-s” to link it to the “Network + AIDS.” Unlike the debate about the electronic ID card, the NEIS’ initial controversy between human rights and administrative efficiency evolved into a conflict between conservative values and reform values. As such, the debate over the NEIS may demonstrate that the possible conflicts between the democratic code and the developmental code can be persistent in civil society of Korea.

## **Chapter Six**

# **THE DISPUTE OVER THE CREDIT INFORMATION SYSTEM**

## **6.1. Introduction**

During the last three government regimes in Korea (February 1993 – December 2007), Korean civil society has been in transition toward democracy. At the same time, it has been hugely affected by the diffusion of informatization which was pursued as a national developmental strategy. In tandem with these trends, the development of the credit information sharing system (hereafter CISS) in Korea has been accelerated. The legal framework for the CISS was also established and reorganized. These changes brought forth a controversy over the use and protection of credit information in Korea.

The Use and Protection of the Credit Information Act (hereafter Credit Information Act), which is the Korean law regulating credit information, was enacted in 1995 when the first civilian government stressed the intensification of national competitiveness. Since then, the Credit Act has been revised once a year on average. The periods of the revisions of the Credit Information Act which are explored in this chapter (January 1995 – December 2007) are prolonged over the last three regimes in Korea, as shown in Appendix 3-1 of Chapter 3. They encompass the periods of the previous two debates about the electronic ID card (April 1995 – February 1999) and the NEIS (July 2000 – December 2003). Compared to the previous two debates, the dispute over credit information provides a particularly interesting environment in which the conflicts between the democratic code and the developmental code can be examined from a longer perspective. Furthermore, the previous two debates showed the continuous competition of the two codes for dominance. It raises an interesting question of how their confrontation in the dispute over credit information has been in line with the previous two concurrent debates and what its tentative result would be.

One expected argument could be that debates over credit information are more likely to be based on the developmental code. One possible explanation behind this assertion would be that the development of credit information system may be easily combined with a government-led economic growth strategy and aspirations for economic development in Korea. It can be drawn from the observation that i) the establishment and operation of a CISS in Korea was aimed to help the government to monitor the amounts of loans and ii) the expansion of credit information system was coupled with the globalization and informatization promotion policy as a method to improve national competitiveness.

What is of interest is that Korean civil society has been in transition toward democracy. Hence, a question can be raised as to how arguments originating from the developmental code have been contested by the democratic code. Another plausible explanation for the assertion may be closely related to the financial institutions' need for credit information. Financial institutions have been suggested to have the tendency to support the use of credit information to overcome the asymmetric information problem<sup>95</sup> with credit information sharing. As for Korea, the CISS between financial institutions has been operated since 1955 (Seoh, 1996, p. 26). Accordingly, financial institutions have participated in the CISS voluntarily or mandatorily. From the first stage of the debate, financial institutions in civil society as well as the government have been proponents for the use of credit information. As a result, unlike the previous two debates, the debate over credit information may cause an innate conflict between

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<sup>95</sup> Asymmetric information problem implies that 'the probability of default is known by borrowers more accurately than by lenders.' It induces an adverse selection problem and a moral hazard problem. Adverse selection arises when an average interest rate would be charged due to the lack of accurate credit information and accordingly attracts those who are likely to default and would be willing to pay a higher interest rate. Moral hazard problem occurs when borrowers' activities after borrowing cannot be monitored adequately by lenders and accordingly borrowers would tend to relax their efforts to prevent default (Bertola, Disney, & Grant, 2006, pp. 12-13; Jappelli & Pagano, 2002, p. 2017).



civil society organizations as civil movements have been activated along with the process of democratisation and informatization only after 1987.

Another interesting question is associated with the name of the Credit Information Act. The name of the Credit Information Act, that is the Use and Protection of Credit Information Act, includes both the use and the protection of credit information. It differs from the names of laws in other countries. For instance, the legal framework of the United States for credit information is the Fair Credit Reporting Act. This shows the high possibility of the tension between the use and the protection of credit information. Hence, the process of revision of the Credit Information Act may reveal the high value which has been put on protection of information in the transition toward democracy in Korea. The question as to whether the developmental or democratic code is dominant and how the tension between them has been resolved can be examined in this process.

During the last three regimes (Kim Young-sam, Kim Dae-jung and Roh Moo-hyun government) as described in Appendix 3-1, the Credit Information Act was amended 10 times directly and 7 times indirectly by the amendments of other Acts. With these in mind, the controversies can be divided into three periods according to the change of Korean governments; the introductory period (January 1995 – December 1997) when the Credit Information Act was enacted in the first civilian government; the second period (January 1998 – December 2002) when the first transfer of power was achieved and the government tried to recover from the financial crisis; the third period (January 2003 – December 2007) when the first succession to Government of democratic reform forces was attained.

## **6.2. The period of enactment of the Credit Information Act and the beginning of debate (January 1995 ~ December 1997)**

### **6.2.1. The background about the credit information system in Korea**

#### **6.2.1.1. Credit information**

According to the Credit Information Act, credit information is defined as “information which is necessary for judgement on identification, credit rating, and credit transactions capacities of transacting parties in commercial transactions including financial transactions” (§2.1.).<sup>96</sup> This definition of credit information in terms of economic activities can make the difference between credit information and other personal information manifest. In the sense that credit information is closely related to economic life, credit information has seemingly contradictory features of its utilization as economic activity information as well as the protection as personal information. The implication of credit information can be found in the fact that a bad credit history holder tends to create many difficulties in economic activities. If a person is registered as a delinquent debtor in a CISS, it is nearly impossible for him or her to conduct financial transactions and, when possible, the terms can be unfavourable. He or she is unable to receive additional credit cards and is also disqualified from taking out loans or giving surety for others receiving loans. Furthermore, job security as well as job seeking can be

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<sup>96</sup> The general definition of ‘credit’ is a ‘reliance on the truth of something said or done’ (Merriam-Webster’s Collegiate Dictionary). This definition focuses on its ethical aspect. However, credit has been widely used in terms of economic activities. From an economic viewpoint, it implies the degree of belief or confidence which one economic agent gives the other economic agent. In a more specific way, the credit in economic activities can be defined as ‘the facility of being able to obtain goods or services before payment, based on the trust that payment will be made in the future’(Compact Oxford English Dictionary).

threatened (*Hankook Ilbo*, 2 March 1998; *Maeil Business Newspaper*, 26 August 2002). In this context, an individual, in particular with a good credit history, has the incentive to provide credit information to others in order to get more favourable terms at financial transactions and economic life (Miller, 2003, p. 26). However, considering a bad credit holder's difficulties in ordinary life, the abuse of credit information can be a fatal blow to an individual's economic activities. The stronger the demand for credit information by financial institutions and the government becomes, the more vigorous the request for its protection grows.

The importance of credit information has been enhanced by the following three general factors: modernization<sup>97</sup>, financial development<sup>98</sup> and information technology development.<sup>99</sup> In fact, due to the development of information technology, "it is rare for borrowers to hide from their credit background because credit histories are usually well documented by credit bureaux (hereafter CB) and are readily accessible by potential lenders at low cost"

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<sup>97</sup> Modernization has augmented the role of credit information in a society (Pagano & Jappelli, 1993, p. 1694). Pagano and Jappelli (1993) demonstrate that the geographical mobility of the population is positively correlated with credit information sharing. As an economy has developed, the mobility of people has become higher. The scope of commercial and financial transactions between economic agents has become wider and wider, indicating that the possibilities of the transactions between people without transactions histories have increased. For instance, one of the main causes of a rapid urbanization in Korea was net migration. According to the Korean National Statistics Office, the urbanization rate increased from 28.0% in 1960 to 81.5% in 2005. The growth of the urban population during the period of 1966-1970 was affected by net migration as of 73.2%. It implies that the credit-based transactions have expanded, leading to the increase in the necessities of collecting and sharing credit information.

<sup>98</sup> Financial development is another driver to growing interest in credit information. The age of limitless competition between financial institutions caused by financial liberalization has led to credit-based lending policies (Miller, 2003, p. 34; Ferretti, 2008, p. 1). Severe competition has reduced the rate of margin, resulting in a tight management of credit risk to assure appropriate profits from loans which were already provided. Credit risk management requires more credit information management.

<sup>99</sup> Advances in information technology have increased interest in credit information (Jentzsch & Riestra, 2006, p. 39). A rapid growth in computing technology enables financial institutions to access and analyze credit information quickly and cheaply.

(Vercammen, 1995, p. 462). At the same time, credit information is more likely to be shared because “there are increasing returns to the scale of information sharing” (Pagano & Jappelli, 1993, p. 1694).

A better understanding of the importance of credit information in Korea may require a brief examination of Korea’s own characteristics, a state-led development strategy which hugely influenced CISSs in Korea. The government-led growth strategy under poor domestic financial resources resulted in credit rations by the government. As a result, the government aimed to establish a centralized CISS, in particular to collect information on loans to individuals and corporations. Afterwards, Korea’s CISS was improved by the Korea Federation of Banks (hereafter KFB) under government supervision. Such a strong role of the government in the CISS may be partly because of the collectivism based on Confucian tradition and familialism. From the financial institutions’ perspective, it was neo-liberal policies based on the market rather than the government that highlighted the importance of credit information. In the government-led development era, Korea experienced insufficient financial resources and a chronic excessive money demand, leading collateral-based lending policies with financial institutions’ little need for credit information (Seoh, 1996, pp. 6-7). Since the financial crisis in 1997 when the economic system was transformed from a government-based one to a market-based one, the credit information system has been a critical part of the financial system. This situation is well illustrated in the financial markets in Korea in the 1990s and the early of the 2000s. In the case of commercial banks in Korea, the proportion of credit loans in total loans increased 51.4% in 1990 to 61.9% in 1996 before the financial crisis in 1997. In particular, after the financial crisis in 1997, business objectives of financial institutions in Korea were set for consumer credit rather than corporate loans. Household debt surged at an annual rate of around 20% to 30% during 2000 to 2002. These

situations have raised the importance of credit information to financial institutions as well as to individuals.

As such, credit information is one of the most essential elements for a fast moving open society like Korea. Social changes have increased the importance of credit information. This trend has reinforced the incentive and disincentive mechanism about credit information.

#### 6.2.1.2. The credit information sharing system in Korea

The CISS in Korea shows the coexistence of the public credit registry (hereafter PCR) and the credit reporting agency (hereafter CRA)<sup>100</sup>. Appendix 6-1 depicts the CISS in Korea. The former includes the Centralized Credit Information Collection Agency of the KFB (hereafter CCA) and four industry-specific credit information collection agencies, which are non-profit private organizations. According to the first Credit Information Act enacted in 1995, the Ministry of Finance and Economy (hereafter MOFE) could designate the CCA and determine

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<sup>100</sup> The CISS can be broadly categorized into groups on the basis of its ownership: PCR and CRA (Miller, 2003, p. 27; Jappelli & Pagano, 2006, p. 347; Ferretti, 2010, p. 5). In general, the PCR is established by the government or a central bank for the purpose of the prudential supervision of banks and monitoring the safety and soundness of financial system. In contrast, the CRA is operated by financial institutions or commercial firms to improve the risk management about borrowers and to overcome asymmetric information problem. The above different ownership and purpose of two CISSs produce major differences between them in terms of participation in them and their coverage of financial institutions. The participation in the PCR is mandatory by law, leading to complete coverage of financial institutions. By contrast, the CRA voluntarily collects and shares credit information on a contractual basis and accordingly tends to have incomplete coverage. The frameworks of credit information sharing in the world have revealed mixed result; the PCR or the CRA operates alone and both of them coexist (Miller, 2003, p. 35; Ferretti, 2010, p. 5). Financial institutions in Belgium and France share credit information through the PCR. Those in the United States, the United Kingdom, Sweden and so on exchange credit information through the CRAs. In Germany, Austria, Italy and so on, credit information is shared through both the PCR and the CRAs. This variation across the countries is suggested to depend on the legal system (Djankov, McLiesh, & Shleifer, 2007, p. 301) or the absence of one of them (Miller, 2003, pp. 36-37).

exchange partners and the scope of credit information collected, managed and used<sup>101</sup>. Hence, the participation of financial institutions in the CCA is compulsory. As summarized in Appendix 6-2, the PCR in Korea was originated from the sharing system among financial institutions in 1955 with the objective of providing an information system for the government to monitor the indebtedness of borrowers (Seoh, 1996, pp. 25-29).

Since 1982, the KFB has operated the PCR under government supervision. Through various channels, including an online network system, it has collected not only information on the amounts of loans, but also negative credit information such as delinquency and default records, as shown in Appendix 6-3. In particular, it functioned as a black list which accumulated information on delinquents who had more than 300,000 Korean won (US\$ 273) (hereafter KRW) overdue for over 90 days. They were labelled as ‘bad credit holders’ (*Shinyong bulryang ja*) until January 2005. Around 5,000 financial institutions are data providers and users of the PCR in Korea. Government agencies and public corporations also provide credit-related public information such as delinquencies in the payment of taxes and social insurance premiums.

The CRAs in Korea compose the second tier of the CISS in Korea<sup>102</sup>. Two CBs and four credit inquiry companies collect and provide credit information on a contractual basis. The CBs are NICE Information Service and Korea Credit Bureau. The establishment of a CB in Korea was closely related to a steep increase in household credit at around 20 to 30 growth

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<sup>101</sup> Since the amendment of the Credit Information Act in 1999, the CCA has not been designated but registered. However, the participants and the scope of credit information collected and shared have still been determined by the government.

<sup>102</sup> 93.3 percentages of the population age 15 and above were covered by the CRAs in Korea, compared to 61% in the Organization for Economic Cooperation’s Countries (World Bank, 2010).

rate after the financial crisis in 1997. In particular, the credit card debt crisis in 2002<sup>103</sup> increased the demand for individual credit information. In this context, the first CB in Korea was launched by the Korean Information Service in February 2002 and in September 2002, the National Information & Credit Evaluation started the credit bureau business. Both of them were merged into the NICE Information Service. As shown in Appendix 6-1, apart from credit information from the CCA, they gather short-term delinquency records and positive credit information<sup>104</sup> from their members including financial and non-financial companies such as department stores and telecommunication companies.

In sum, the CCA in Korea has served as the PCR to help i) the government monitor the amount of loans and stability and soundness of financial institutions for prudential supervision and ii) correct moral hazard problems by blacklists strengthening discipline effects on borrowers via reputational mechanisms where credit delinquency reduces the value of ‘reputation collateral’ in credit market (Miller, 2003, p. 27). In addition, private CRAs in Korea have provided positive credit information as well as negative credit information to improve credit risk management of both financial institutions and non-financial companies.

#### 6.2.1.3. The legal framework for credit information in Korea

Like other legal systems in Korea, the legal framework relating credit information is composed of four forms; Act, Presidential Enforcement Decree, Enforcement Rule and

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<sup>103</sup> Outstanding amount of cash advance service and card loans by credit companies increased 9.7 trillion KRW in 1998 to 46.9 trillion Korean won in 2002.

<sup>104</sup> While the CCA collects information on loans more than 90 days overdue, CRAs gather data on more than 5 days within 90 days overdue. The positive information collected by CRAs includes borrower’s characteristics such as occupation and income, credit transaction history such as loan payment and card usage, opening of department store cards and mobile phone bill payment histories.

Regulation.<sup>105</sup> However, unlike other laws, one distinctive feature of the legal framework for credit information is that associations between financial institutions play a significant role in the legal framework. Representatives of the financial sector form a Credit Information Council (hereafter CIC) of the CCA. The Credit Information Act allows the CIC to determine matters necessary for the central management and utilization of credit information. The CIC<sup>106</sup> sets the Agreements between financial institutions on the Management of Credit Information<sup>107</sup> (hereafter AMCI) which are composed of one of the important parts in the legal framework for credit information in Korea.

The basic legal framework for credit information in Korea is the Credit Information Act enacted in 1995. The Credit Information Act covered i) credit information business, ii) collection, investigation and processing of credit information, iii) distribution, use and management of credit information and iv) protection of credit information subject. The use of credit information is related to each of these aspects.

Some details for implementation for the Act are specified in the subordinate legislation, such as Presidential Enforcement Decree and Enforcement Rules. In particular, details regarding the use of credit information are determined in the Regulation on Supervision of Credit Information Business which is delegated to the Financial Services Commission by the Enforcement Decree. For instance, the outline of the exchange partners and the scope of credit

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<sup>105</sup> An Act is enacted and amended by the National Assembly and a Presidential Enforcement Decree is made by the State Council to implement an Act. An Enforcement Rule to supplement an Act and a Presidential Enforcement Decree provides details concerning implementation. A Regulation is made by a Ministry to implement practical details of an Act and subordinate legislations.

<sup>106</sup> The head of the CCA, namely the chairman of the KFB, determines the formation and operation of the CIC.

<sup>107</sup> Before 2001 various Agreements on the Exchange and Management of Credit Information existed in each financial sector. They were unified into the Agreements on Management of Credit Information in 2001.



information in the CCA are determined by the Presidential Enforcement Decree. Details of the exchange partners and the scope of credit information in the CCA are specified in the Regulation on Supervision of Credit Information Business<sup>108</sup>. However, the Regulation on Supervision of Credit Information Business delegates more details to the CIC whose members are the representative of the financial sector.

From the above, some interesting findings are as follows: First of all, participants in the legal process about credit information would be the government, the National Assembly, civil society organizations and financial institutions. What is of interest is that financial institutions can directly participate in decision making on the use of credit information through the CIC. Civil society organizations have no direct way to be involved in the decisions. Second, the legal framework of credit information in Korea seems to reflect the history of the CISS in Korea. In the sense that the CCA has been operated by the KFB, the legal framework gives financial institutions the ultimate legal authority to decide the exchange partners and the scope of credit information in the CCA. Lastly, matters concerning the use of credit information are specified in the subordinate legislation, in particular the AMCI. Only mutual consent between the government and financial institutions is required to revise the matters concerning the use of credit information. In contrast, those about the protection of credit information tend to be determined in the Credit Information Act. It may indicate that the change of the former could be easier than that of the latter.

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<sup>108</sup> Its initial title was the Credit Information Services Management Guideline which was replaced by the Credit Information Services Management Regulation in 1998. The Credit Information Services Management Regulation was substituted by the Regulation on Supervision of Credit Information Business in 2001.

### 6.2.2. The enactment of the Credit Information Act

The Credit Information Act was enacted in 1995 when the Kim Young-sam government stepped in mid-term. However, it virtually originated from Kim Young-sam's inauguration. Kim Young-sam initiated the "New Korea" reform programmes including political and socioeconomic reforms. In particular, economic reforms and renewal were highlighted in his special message of a "new leap toward a new economy" based on competition rather than regulation on the 3<sup>rd</sup> March, three weeks after the inauguration<sup>109</sup>.

The next two or three years would be a critical time to decide whether our economy will leap toward an advanced economy or slip back to an underdeveloped country.

Along this line, the financial sector plan of a five-year programme for the New Economy, which the Ministry of Finance announced on the 22<sup>nd</sup> of May 1993, included the improvement of the credit information system such as the expansion of the scope of credit information management and the establishment of an on-line system. More specific plans regarding credit information management were made public in the action plan for financial reform of the five-year programme for the New Economy (23 July 1993). The enactment of the Credit Information Management Act was set forth. This was also recommended by the Presidential Commission on Administrative Reform (20 November 1993). The latter suggested that the Ministry of Finance needed to be responsible for the Credit Information Act. The Credit Inquiry Business Act, which was a law concerning credit information at that time, was

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<sup>109</sup> Korea had enjoyed an annual growth rate of 8.2% during the 1989-1991 period. However, the growth rate dropped steeply to 4.7% in 1992. It gave rise to deep concerns about the future of the economy and led to the necessity for reforms to enhance competitiveness (Korea Institute for International Economic Policy, 1993).

recommended for abolition. The reason behind this recommendation was that credit information is an important financial infrastructure for the development of financial industries.

As such, the improvement of the credit information system was initiated under the name of globalization and informatization. The conclusion to be drawn here is that the main and initial purpose of the enactment of the Credit Information Act focused on the use of credit information rather than its protection (Korea Development Institute, 2004, p. 96). The review report on a draft of the Credit Information Act by the Finance Committee of the National Assembly also pointed out as follows.

Because market liberalization of credit rating business is scheduled to start in 1996, it is urgent to give policy attention to credit information business ... (The Finance Committee, 1994, p. 5).

In addition, the following evidence demonstrates that the government placed high priority on the use of credit information rather than the protection of credit information. One piece of evidence is the government's close involvement in the CISS. In 1995, the legal authority concerning the use of credit information and the promotion on credit information business was given to the government. The Credit Information Development Review Committee, whose chairperson was the deputy minister for financial policy, was established in accordance with the Presidential Enforcement Decree. The Committee could review matters concerning collection, concentration, exchange and use of credit information. It implies that policy focus was placed on the use of credit information. Another piece of evidence for the high priority on the use of credit information is that the enactment of the Credit Information Act provided momentum to expand the scope of credit information collected in the CCA. Individuals' loan amounts started to be collected, as shown in the main contents of the scope of credit

information in the CCA in Appendix 6-5. Even though a personal consent on the collection was required and individuals with more than 30 million KRW per financial institution were targeted, it was a big step toward more credit information in the CISS in Korea. Under the name of the risk management of individuals' loans, the criterion for inclusion tended to be lowered afterwards.

Besides the above developmental motive of the enactment of the Credit Information Act, another trigger on the enactment of the Credit Information Act was a series of kidnappings and killings in 1994. A gang of murderers (*Chijon Family*) admitted that they chose victims from the mailing list of a department store which was bought from the store worker. This startling news sparked public opinion on the need for the enactment of the Credit Information Act (*The Kyunghyang Shinmun*, 23 September 1994; *The Hankyoreh*, 25 September 1994; *The DongA Ilbo*, 25 September 1994). In 1994, for personal information protection in the public sector, the Act on the Protection of Personal Information Maintained by Public Agencies was enacted to provide comprehensive guidelines. In this context, the Credit Information Act was expected to serve as a general law with respect to personal information protection in the private sector<sup>110</sup> (The Finance Committee, 1994, pp. 5-6; Cheong, 2001, p. 320). The main contents of the Credit Information Act in 1995 are summarized in Appendix 6-4.

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<sup>110</sup> The Personal Information Protection Act, which is a general law regarding personal information protection in Korea, was promulgated in March 2011.

What is noteworthy in the Credit Information Act is that the definition of a credit delinquent was explicitly stated as a ‘bad credit holder’<sup>111</sup>. It indicates that the Credit Information Act acknowledged the role of an existing comprehensive CISS as blacklists at that time. It suggests that the Credit Information Act was in line with the existing practices and regulations about credit information collection. In this context, the KFB was designated as the CCA by the Ministry of Finance. As shown in Appendix 6-5, delinquent borrowers were determined to be registered as bad credit holders who were categorized into three groups depending on delinquent amounts and overdue periods. According to the Agreements on the Exchange and Management of Credit Information, financial institutions should take action against highly risky borrowers, named “red borrowers,” such as prohibition on drawing out new loans and applying for new credit cards. As a result, the scope of bad credit holders and the retention periods of their information have been one of the critical issues in the debates over credit information.

### **6.2.3. The unfolding process of debate**

The promulgation (January 1995) and the enforcement of the Credit Information Act (July 1995) was followed by the government’s continuous announcement of credit information-related policies. As shown in Appendix 6-6, strategies for enhancing the competitiveness of financial industries (20 May 1996), deregulation of the financial sector (24 July 1996) and a series of reports by the Presidential Commission on Financial Reform (hereafter PCFR) in 1997 seem to be consistent with the basic spirit of the enactment of the Credit Information Act; that is, more policy focus on the use of credit information. In particular, the serious

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<sup>111</sup> A “bad credit holder (*Shin yong bulrang ja*)” was defined as ‘a person who has failed to repay debts such as bills or loans arising from commercial transactions such as financial transactions before the specified due date in the absence of justifiable grounds.’ (Article 2. 7.)

impact of ailing company bankruptcies<sup>112</sup> on the Korean economy and a sharp rise in the number of bad credit holders<sup>113</sup> turned on the red alarm light and buzzer on the credit risk management of financial institutions.

As shown in Appendices 6-7, 6-8 and 6-9, most credit information-related policies for the periods 1995-1997 were associated with the CISS, particularly the CCA. During this period, the government and the KFB tried to expand the participants in the CCA and the scope of credit information collected. On the 18<sup>th</sup> of March 1995, the MOFE announced the inclusion of non-banking financial institutions in the CCA to strengthen risk management for ailing companies. The comprehensive CCA, including non-banking financial institutions as well as banks, was launched on the 6<sup>th</sup> of February 1998. In addition, attempts to widen the scope of credit information collected in the CCA continued for this period. Public information, such as information on delinquency in payment of taxes, was also collected in the CCA<sup>114</sup>. The Scope of information on corporate loans and individuals' loans collected were continuously expanded.

Furthermore, the arrangement of the legal and physical framework for the use of credit information was accelerated. First of all, the legal basis of the CIC was formed to replace most roles of the Credit Information Development Review Committee in 1997. The legal authority to determine the AMCI was given to the CIC. It indicates that financial institutions

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<sup>112</sup> The bankruptcies of 7 affiliates of *Ducksan* conglomerate (28 February 1995) sparked those of construction companies in 1995. On the 1<sup>st</sup> of May 1996, a CEO of the First Bank was arrested for a 'bad loans scandal.' The financial collapse of *Hanbo Steel*, which was an affiliate of the 14<sup>th</sup> largest conglomerate, was followed by those of other big conglomerates such as *Sammi*, *Jilro*, *Haitai*, *Daenong* and *KIA* (*Edaily*, 3 December 2007).

<sup>113</sup> The number of bad credit holders increased from 1.2 million in November 1995 (*Maeil Business Newspaper*, 8 December 1995) to 1.72 million in September 1997 (*Maeil Business Newspaper*, 2 October 1997).

<sup>114</sup> The policy direction was announced in the 4<sup>th</sup> of May 1996 and the National Collection Act was amended in the 30<sup>th</sup> of December 1996.

which composed the CIC reserved a direct decision on the CCA. In addition, the policies for the use of credit information were promoted. For instance, the government changed the policy on the requirement for borrowers' consent when loans amount would be collected in the CCA<sup>115</sup>. Information on loans amount started to be collected into the CISS without borrowers' consent from 1998. The online-based CISS was designed and was implemented on the 6<sup>th</sup> of February 1998.

The establishment of the system where various kinds of credit information could be exchanged immediately will be promoted. ... Because on-line computer network was not operated, it took at least 7 days and up to 40 days for financial institutions to view bad credit information even if it was registered. This situation produced side-effects, such as loans to insolvent companies (*The Korea Economic Daily*, 5 May 1996).

Another measure for the promotion on the use of credit information was to allow for the establishment of an individual credit information collection agency, apart from the CCA. The restriction on a licence of credit information business<sup>116</sup> was also alleviated.<sup>117</sup> To promote the use of credit information, the revision of the measures for the credit information protection was made. For instance, the use limitation principle was weakened. The Credit Information

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<sup>115</sup> A bad loans scandal was one of the reasons for this policy change. It was declared on the 13<sup>th</sup> of May 1996 and the amendment of the Enforcement Decree of the Credit Information Act was accomplished on the 27<sup>th</sup> of December 1997.

<sup>116</sup> In 1994, the National Assembly amended the government's draft to enhance eligibility requirements for credit information business. To strengthen the public interest of credit information business, the licence of credit information business was restricted to Credit Guarantee Fund, Technology Credit Guarantee Fund and Corporations jointly owned by financial institutions which operate credit rating business (The National Assembly, 1994, p. 10).

<sup>117</sup> The restriction on a licence changed from corporations jointly owned by financial institutions which operate credit rating business to corporations in which fifty percents or more of the capital are invested by financial institutions. The MOFE (1997, p. 557) aimed to expand the scope of credit information and to encourage credit information to be distributed by promoting the competition between credit information companies.

Act in 1995 stated that personal credit information should not be disclosed or used for purposes other than business purposes. However, on the 7<sup>th</sup> of May 1997, the MOFE clarified the criteria that financial institutions' provision of credit information to credit information companies is not be considered to be the acts of disclosing or using credit information for purposes other than business purposes. Its aim was to change financial institutions' passive attitude to the collection of credit information by credit information companies (The Ministry of Finance and Economy, 1997, p. 558).

Meanwhile, in this period, some measures for the protection of credit information were implemented. One of them was that financial institutions should notify the relevant individual 15 days prior to registration when the individual would be registered as a bad credit holder. A few revisions in the credit information retention period were made, such as the immediate deletion of records or the exclusion from the blacklists when an individual pays arrears according to specific criteria.

In sum, the policy focus in this period was placed on the use of credit information rather than the protection of credit information. The reasons behind such policy directions may be government goals for the enhancement of national competitiveness and the increase in ailing companies' bankruptcy.

#### **6.2.4. Content of debate**

The proponents for credit information sharing attempted to i) link the use of credit information to “reform” and “infrastructure” and ii) portray “delinquency” as “a threat to a society.” The main argument of the proponents can be summarized as follows: i) Credit



information sharing needs to be promoted to reform the economy and enhance competitiveness.

ii) Credit information is one of the indispensable infrastructures for the economy. iii) Bad credit holders are harmful for a society. First of all, one of the most distinctive features in this period is that two governmental committees, which were established for the ‘reform’ of administration or financial sector, progressively recommended the efficient use of credit information.

The existing Credit Inquiry Business Act ... gives the authority of supervision to a local police chief rather than an economic-related Ministry. Hence, it focuses on a privacy protection rather than smooth distribution of credit information. For that reason, the development of a comprehensive centralized management system and efficient use of credit information which is an important resource in information society may be retarded (The Presidential Commission on Administrative Reform, 1993, pp. 85-86).

Furthermore, as pointed out in section 6.2.2, the policies for the use of credit information were promoted under the name of “New Economy” and the enhancement of national competitiveness.

Second, the expansion of the use of credit information was believed to be a gate toward “credit society.” *The Hankyoreh*, one of the liberal reform newspapers, interpreted the enforcement of the Credit Information Act under the title of “if the Credit Information Act would be implemented/ financial transactions at a glance ... a cornerstone of a credit society.”

Our society will take the first step to enter into a full-fledged credit society this coming July. The Presidential Enforcement Decree and Enforcement Rule of the Credit Information Act which the government announced on the 24<sup>th</sup> of May have the implication of laying the

institutional foundation that makes us enter into full-fledged credit society (*The Hankyoreh*, 25 May 1995).

The government and the Bank of Korea also linked the expansion of the use of credit information to the idea of a “credit society.”

Promoting early settlement of a credit society is driven by expanding the scope of credit information management in accordance with the trend of the expansion of economic size (The Ministry of Finance, 22 May 1993).

The Bank of Korea pointed out that in order to settle a credit society, it is necessary to expand credit loans, strengthen the penalties to bad credit holders and so on. It stressed that what is required is to establish the intensive credit information management system to easily distinguish bad credit holders from good credit holders (*The DongA Ilbo*, 13 May 1994).

Furthermore, financial institutions attempted to associate the Credit Information Act with the idea of an open society. They argued that the Credit Information Act focused on credit information protection excessively. They stressed that the development of credit information business for an open society should not be obstructed by the Credit Information Act.

Financial sector workers pointed out that even though the Credit Information Act was enacted on the way toward open society, excessive concerns over side-effects caused by credit information leakage are likely to retard the development of credit information business (*Maeil Business Newspaper*, 27 June 1995)

Third, proponents for credit information sharing insisted that comprehensive CISSs could benefit the economy by preventing financial instability caused by bad loans.

Jae-hyung Hong, Deputy Prime Minister and Minister of Finance and Economy answered at the Finance and Economy Committee, “in order to prevent the increase in non-performing loans of financial institutions which financial scandals similar to *Ducksan* conglomerate’s bankruptcy caused, the government will promote a comprehensive CISS for the exchange of information on loans between banks and non-banking institutions and reinforce the disclosure of bad loans (*Maeil Business Newspaper*, 18 March 1995).

Credit rating agencies also argued that ‘such a big bankruptcy as *Ducksan*’s default would be prevented if information on loans between financial institutions could be shared (*The Korea Economic Daily*, 12 March 1995). Furthermore, financial institutions attempted to link bad credit holders to enemies of the credit society.

Because all financial institutions are connected like the cobwebs, bad credit holders will be kept from taking root in our society (*The Munhwa Ilbo*, 9 January 1997)<sup>118</sup>.

Lastly, the advocates of the CISSs and credit information business contended that the collection and use of credit information may help individuals in credit markets. The development of credit information sharing may prompt financial institutions to shift away from collateral-based lending to credit-information-based lending. In this context, it was suggested that credit information sharing could expand credit markets.

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<sup>118</sup> This is a part of interviews of Mr. Sohn, director of team for financial transactions information in the CCA.

The Ministry of Finance and Economy states that further development of credit information business will increase unsecured loans by financial institutions and decrease the practices of requiring collateral in financial transactions (*The Hankyoreh*, 7 January 1996).

The supporting group for credit information sharing stressed the incentive mechanism about credit information. Good credit histories were linked to more favourable terms for financial transactions. For instance, the government explained the implication of on-line based CISS as follows,

An official of the Ministry of Finance and Economy said that as the credit society becomes settled, financial institutions would strengthen the management of bad credit holders but increase the benefits for good credit holders. In other words, it indicates that the gap between incentives and disincentives depending on an individual's credit can grow (*Hankook Ilbo*, 27 June 1997).

Against the above arguments from the proponents for credit information sharing, the opponents passively attempted to link credit information sharing to "hacking," both "illegal" and "commercial." The arguments of the opponents can be summarized as follows: i) A CISS may be vulnerable to hacking. ii) The leakage of credit information is illegal and should be punished. iii) Commercial companies seem to leak credit information easily. First of all, the detractors of credit information sharing stressed the possibility of hacking into the CISS. For instance, the editorial of *the Korea Economic Daily* which was titled as the problems of commercialization of credit information pointed out,

The security of information network is also important as much as its expansion. Even the government's information network is vulnerable to hacking due to the development of

hacking technologies. If the era of commercialization of credit information unfolds in earnest, law regulations would have inevitable limits no matter how safety measures are arranged and punishments are enhanced (*The Korea Economic Daily*, 24 March 1995).

Second, the leakage of credit information is linked to an infamous crime. A series of kidnapping and killings by a gang of murders (*Chijon Family*) evoked the importance of credit information protection.

The staff (at Social Issue Department of the Seoul YMCA) insisted that consumer's credit information should be strictly regulated even if it would require the enactment of a special law. The department store which leaked customer's credit information ... should be punished (*The Kyunghyang Shinmun*, 23 September 1994).

A critic of the Credit Information Act used the *Chijon Family* as an example of its side-effects due to its greater focus on the use of credit information rather than credit information protection.

From the course of preparing the Credit Information Act last year, it is true there have been many critics who have stated that the government put a priority on the use of credit information rather than its protection. Illegal distribution of credit information in our society today has become a growing problem enough. ... The government said that the disclosure of an individual's credit information would not be allowed if the person does not want to. However, were customer's lists passed to the *Chijon Family*'s hands because customers agreed to it? Considering such a circumstances, side-effects seem to be apparent if the Credit Information Act would be enforced with the priority on the use of credit information rather than its protection (*The Korea Economic Daily*, 24 March 1995).

Lastly, the opponents of credit information sharing attempted to associate the use of credit information with commercial interest. For the alleviation of the licence condition on credit information business, a newspaper claimed as follows:

The opening up of credit information business to non-financial companies will increase a risk of credit information leakage (*Segye Ilbo*, 8 May 1997).

On the grounds of the above contents of the debate, it can be suggested that a severe debate over credit information was not found in this period. Some explanations for this can be provided as follows. The first explanation can be that credit information in Korea could be easily linked to the leap to a developed economy. With successful economic growth during the last two decades, civil society was more likely to accept that credit information sharing would be inevitable for the entry into the developed countries club and Korea would be in the transition toward becoming a credit society. Another explanation would be that the government actively participated in the development of the CISS and suggested to the public its policy direction to focus on the use of credit information. For instance, the Kim Young-sam government's policy was that informatization policy, including the improvement of the credit information system, was required to reinforce national competitiveness and stimulate economic growth. Financial institutions also attempted to expand the CISS in accordance with the government's policies. In contrast, progressive actions or claims for credit information protection, except for a few articles in newspapers, had not emerged<sup>119</sup>. It is similar to the introductory period of the debate over the electronic ID card.

In summary, the structure of discourse in the civil society at the beginning of debate over credit information can be summarised as Table 6-1.

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<sup>119</sup> For example, they are *The Korea Economic Daily* (24 March 1995), *Segye Ilbo* (8 May 1997) and so on

**Table 6-1** The symbolic system of the dispute over the credit information system: The enactment period of Credit Information Act

The structure of the dispute about the Credit Information System in civil society		
	The Bad	The Good
Policy	Credit Inquiry Business Act	‘New Korea’ reform programmes The Credit Information Act Blacklisting system
Actor	The Ministry of Finance The Bank of Korea Financial institution	
Discourses	Slip to underdeveloped country      Leakage of personal information	New leap toward a new economy Credit information as an important infrastructure for the development of financial industries Enhancement of national competitiveness Credit society Personal information protection
The structure of cultural value system in civil society		
	The Bad	The Good
Culture(value)	Underdevelopment Inefficiency Slowness Financial instability	Globalization Informatization Liberalization Development Efficiency Fastness Financial stability

The developmental code was the main symbolic code behind the debate in the introductory period, which is very similar to the previous dispute over the electronic ID card. The Credit Information Act was regarded as one part of the “New Korea” reform programme. Credit information sharing is not only suggested as an important financial infrastructure toward the credit society but also connected to the enhancement of national competitiveness. As such, the policy focus in this period was placed on the use of credit information rather than the protection of credit information. Although some concerns about the leakage of personal information were raised, the disputes were dominated by the developmental code, and its themes of efficiency and economic development.

### **6.3. The deepening period of debate (January 1998 ~ December 2002)**

#### **6.3.1. The “Government of the People” and legacies of the financial crisis in 1997**

Entering 1998, the debate over credit information began to intensify. Two significant incidents seemed to play a significant role as a trigger for the debate. One incident was the election of the president Kim Dae-jung, who had been regarded as one of the most progressive politicians. As discussed in section 2.2.1, fierce conflicts between the conservative forces and the liberal reform forces were waged and, nevertheless, new systems to guarantee civil rights started to be introduced. It may indicate that the government’s policy directions were more likely to focus on the protection of credit information.



The other incident was the financial crisis in 1997. To overcome the crisis, the government attempted to promote the development of information communication industries and the fast diffusion of communication networks. In this context, the Presidential Transition Committee announced the new government's 100 tasks including the improvement of the credit information distribution system (*Maeil Business Newspaper*, 13 February 1998; *Korea Times*, 14 February 1998). The financial crisis also raised the importance of credit information among financial institutions. The financial crisis led financial institutions to concentrate on lending to individuals rather than corporate lending. Accordingly, a steep increase in household credit at around 20 to 30 growth rate raised concerns over a surge in the delinquency rate on loans to households. Eventually, the financial crisis forced many individuals and businesses into bankruptcy. The failure to pay debts resulted in economic sanctions against delinquent borrowers through the registration of bad credit holders. As such, the financial crisis in 1997 highlighted the use of credit information to enhance national competitiveness and to strengthen credit risk management of financial institutions.

What is interesting is that the government and the ruling party endeavoured to introduce policy measures to overcome the financial crisis legacies, such as growing bankruptcy, and as a result, such measures had significant effects on credit information management systems. One of the measures against bankruptcy was the scrapping of the use of promissory notes<sup>120</sup> (7 June 1998). Another measure was to ban the co-signer payment guarantee system<sup>121</sup> (*The Kookmin Daily*, 25 February 1999). The last was a credit amnesty which was requested by

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<sup>120</sup> Promissory notes rather than cash had been used as the main tool of settling business transactions. However, such practice was criticized for negative affects causing profitable companies which held promissory notes issued by insolvent firms to go bankruptcy (*Korea Times*, 19 February 1998).

<sup>121</sup> In this system, an individual guarantees a repayment of others' debts. As a result, the default of a borrower can lead to the erosion of wealth of a co-signer. According to a survey, a co-signer had 1.36 cases per person and 15.1 million KRW (US \$14,380) per person on average (*Korea Times*, 4 February 1999).

the ruling party to restore the civil rights of bad credit holders (10 November 1999). Financial institutions were forced to exclude bad credit holders from the blacklist of the CCA. This credit amnesty was suggested to be granted again on the 20<sup>th</sup> of April 2001.

These measures provoked pros and cons. In particular, the credit amnesty raised severe controversy in civil society. The first two measures seemed to be supported by financial institutions. One of the reasons for this was that the first two measures could ultimately result in expanding the scope of credit information in the CCA. After the financial crisis, to reduce non-performing loans, they attempted to check the state of liabilities per client. For instance, banks announced a requirement for borrowers to submit the state of liabilities if 10 million KRW or more loans is applied for (14 January 1999). Along the same lines, phasing out a settlement system based on promissory notes, or limiting personal loan guarantees, provided financial institutions an excuse to collect more credit information. The criterion of information on an individual's loans lowered gradually from 30 million KRW to 20 million KRW (14 January 1998) and to 10 million KRW (20 January 1999). The government allowed the CCA to collect information on guaranteed amounts so that financial institutions could examine an individual's limit of a co-signer payment guarantee (25 February 2000).

In contrast, a credit amnesty faced strong objections from both conservative forces, including financial institutions, and liberal forces. The responses of financial institutions to the credit amnesty can be summarized into three types. First, they attempted to keep and use the records of bad credit holders in the inner database system even though the records were deleted in the CCA (*The Munhwa Ilbo*, 17 January 2000; *The Korea Economic Daily*, 17 January 2000)<sup>122</sup>.

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<sup>122</sup> It made the credit amnesty ineffective, provoking complaints from bad credit holders. Accordingly, the Financial Supervisory Service inspected and guided financial institutions' follow-up actions, such as the deletion of records (*The DongA Ilbo*, 10 February 2000).

Second, the expansion of the scope of credit information in the CCA was promoted (Appendix 6-12). For instance, the government declared the establishment of positive credit information sharing mechanism and the collection of information held by public administrative entities (The Ministry of Finance and Economy, 2000). The KFB also announced a plan to collect the records of credit card transactions (*The Korea Economic Daily*, 28 January 2000) and to collect information on short-term delinquency of loans (8 October 2002). Lastly, the KFB announced the plan to revise the existing management system of bad credit holders (17 January 2000). The ostensible purposes were the unification of specific agreements of each financial sector and the abolition of uniform and compulsory disadvantage to bad credit holders (The Centralized Credit Information Collection Agency, 2000). Three categories of bad credit holders, based on delinquent amounts and overdue periods<sup>123</sup>, were simplified into one group with bank loans overdue for more than three months regardless of the amount<sup>124</sup>. In addition, the CIC removed from the unified agreement the regulation on compulsory punishment for bad credit holders, such as prohibition on drawing out new loans, in order to extend credit to them. However, financial institutions repeated previous practices, punishing bad credit holders, even under a new management system, mostly because of lasting detrimental effects of the financial crisis and immature credit rating system of financial institutions. As a result, the revision of a management system of bad credit holders just led to tighter criteria of bad credit holders, shortening the period from six months to three months and reducing the amount from 15 million KRW to 1 KRW. The concerns over the considerably swelling number of bad credit holders were aggravated.

The following countermeasures by the ruling party and the government were the support measures for low-income households including the 2<sup>nd</sup> credit amnesty, plans to shorten the

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<sup>123</sup> See the details in Appendix 6-5.

<sup>124</sup> For credit card bills, the amount was more than 50,000 KRW.

credit information retention period and to weaken the criteria of bad credit holders, and so on (20 April 2001, Appendix 6-13). In August and October of 2001, congressmen proposed the amendment of the Credit Information Act including a written consent for providing credit information to other companies and pre-notification of registration of a bad credit holder. The government announced a plan to improve the criteria of bad credit holders (20 February 2002) and its criteria of the amount overdue was increased from 1 KRW to 0.3 million KRW (10 June 2002). In May of 2002, the government decided to postpone the beginning period for sharing information on individual loan amounts.

In short, the financial institutions' attempt to improve an efficient use of credit information faced counteractions by the political party and the government. What is noteworthy is that the government policy direction was not totally reversed to prevent an efficient use of credit information. Evidence of this is the government's announcement to enhance the distribution of positive credit information and to promote the establishment of CBs on the 20<sup>th</sup> of February 2002. In August of 2002, financial holding company's subsidiaries were allowed to provide personal credit information to each other.

Apart from the government, political parties and financial institutions, activities of civil society organizations became vigorous in this period. Even though seminars and public hearings on credit information were held by the KFB and the government, civil society organizations participated in the discussions and announced their opinions. Furthermore, they stepped onto the stage to require improvements in the management system of bad credit holders criticizing financial institutions for abusing the blacklisting system to collect delinquent debts. For instance, the People's Solidarity for Participatory Democracy (hereafter PSPD) filed an injunction to halt the sanctions against a registered bad credit holder (Press

release from the PSPD, 11 February 1999). In December of 2001, the PSPD made a petition to the National Assembly to specify the criteria of a bad credit holder in the Credit Information Act (The Finance and Economy Committee, 2002). Another activity of civil society organizations was related to credit information leakage. The YMCA sought compensation for damages from credit card companies accused of credit information leakage (10 August 2001). The PSPD filed a criminal complaint against an insurance company for an illegal distribution of customer's information (Press release from the PSPD, 11 April 2002).

From the above, some interesting findings in this period can be summarized as follows. First, various arguments about the credit information management system, in particular relating to bad credit holders, emerged. Seminars mainly held by the government and the KFB provided one of the places for the arguments. Civil society organizations started their activities, such as participating in the seminars, filing a complaint, and participating in the amendment process. Second, political parties were one of the main discussants in this period. The initial involvement was to request financial institutions to revise the agreements relating to bad credit holders through a credit amnesty. Their roles as a main actor in the legal amendment process were activated by proposing two amendments of the Credit Information Act in this period. Lastly, compared to the previous period, the government policy focus seemed to be shifted from the use of credit information to the protection of credit information. However, in the last year of this period, it is observed that the policies to promote the distribution of credit information, such as establishing credit bureaux, were reinforced.

### 6.3.2. Content of debate

Compared to the previous period, the content of debate seems to expand in this period. One of the reasons for this is that policy measures driven by the government and political parties provoked heated debates in civil society. In particular, two credit amnesties provided more fuel to the debate. Advocates for credit information sharing linked credit information sharing to “credit society” and “benefits to borrowers and contributions to economic growth,” pursuant to the arguments made in the previous period. Against credit amnesties, they attempted to associate credit amnesties with “against the law” and “infringement on the right of property”. The arguments by proponents of the use of credit information can be summarized as follows; i) credit information sharing is a cornerstone of credit society and an increase in credit-based loans can be promoted by the use of credit information, which is beneficial to borrowers and contributes to economic growth. ii) Credit amnesties destroy the rule of law and the right of property, and have no example in developed countries.

First of all, proponents of the use of credit information argued that credit information sharing would lead to the establishment of a credit society. For instance, the financial institutions attempted to link the submission of the state of liabilities to the idea of a credit society when severe criticisms were provoked from reform forces and the ruling party.

(A director of the KFB) ... the submission of the state of liabilities, most of all, should be interpreted in terms of the establishment of credit society. This measure has an advantage that an individual can live a stable life and reduces damage caused by co-signer payment guarantee because an individual liability is restricted within a personal affordability (*The Munhwa Ilbo*, 10 February 1999).

Credit information infrastructure was one of the important arguments that the government depended on in order to support the expansion of the scope of credit information in the CCA.

(The Financial Supervisory Service) included, in effect, all loan amounts in the scope of credit information of the CCA in order to expand credit information infrastructure (*Maeil Business Newspaper*, 24 June 2001).

In this context, CBs were linked to credit society as follows;

A staff of the Financial Supervisory Service said “if credit bureaux start to provide credit information in earnest, each customer would make a differentiated financial transaction based on a credit score which is evaluated by a credit bureau. Hence, it is expected to have a momentum to put a developed country-level credit society in place” (*The Kukmin Daily*, 25 February 2002).

Second, the supporting group for the use of credit information attempted to associate credit information sharing with the benefits to borrowers.

A chairman of the KFB said “(the KFB) is scheduled to manage positive credit information such as debt payment history and credit card bill payment.” He added “this will lay a foundation for expanding credit-based loans and increase benefits to good credit holders” (*Seoul Economic Daily*, 22 January 2002).

Furthermore, they stressed that the improvement of credit information sharing could contribute to national economic growth.

This measure is expected to allow more than 2.5 million bad credit holders with financial transaction sanctions to partly access financial services, which will promote financial transactions and contribute to the development of national economy (*The Herald Business*, 18 November 2000).

In particular, they argued that it is self-regulation in the credit information sharing, such as the blacklisting system, which can expand credit-based financial transactions and accordingly increase benefits to borrowers including bad credit holders.

The existing criteria of bad credit holders, such as slightly risky borrowers, risky borrowers (*Yellow*) and highly risky borrowers (*Red*), will be scrapped and financial institutions will place financial sanctions on the basis of information on delinquency exchanged among them. In this case, financial institutions will be able to extend credit to bad credit holders on their own (*The Herald Business*, 18 November 2000).

Lastly, advocates for the use of credit information objected to two credit amnesties. What is interesting is that arguments against credit amnesty were detected to change slightly between the two credit amnesties. In the first credit amnesty at the end of 1999, opponents of the credit amnesty argued that removal of bad credit records would lead to moral hazard problems, the erosion of credit society and economic crisis (*The Munhwa Ilbo*, 11 November 1999; *Maeil Business Newspaper*, 11 November 1999).

Also requiring review is the plan to reinstate those who were discredited by financial institutions for their failure to repay debts. The government, above all, is not in a position to decide to pardon those with bad credit records. It should leave the matter to financial institutions. Moreover, by doing so, the government may erode the foundation of the credit



society, which may increase the chances of another economic crisis in the future (*Korea Herald*, 13 November 1999).

Credit amnesty was criticized that such a case could not be found in developed countries (*The Korea Economic Daily*, 2 December 1999). As such, at that time, they seemed to accept the purpose of credit amnesty, but linked credit amnesty to the destruction of the rule of law, as shown in the title of an editorial “credit amnesty is good but the rule of law is to be established”(The *Munhwa Ilbo*, 11 November 1999). In the second credit amnesty in 2001, similar arguments were provided. The credit amnesty was condemned as a counterproductive measure and “the killer of this credit risk management” (*JoongAng Daily*, 17 May 2001). However, one of the distinguishing features at the second credit amnesty was that opponents seemed to criticize the intention of credit amnesty. For instance, under the title of ‘unpleasant generous politics,’ *Seoul Shinmun* claimed that.

In the sense that it is not a law but an agreement, it is a matter for financial institutions to discuss and revise. It is unpleasant to see another headline-grabbing by politicians (*Seoul Shinmun*, 21 April 2001).

Furthermore, the government was criticized for the political interference of public authorities in the financial operations (*Gwanchigeumyung*).

This step by the government showed that the government has not broken from the convention of *Gwanchigeumyung*. The reason is that this measure indeed is a typical *Gwanchigeumyung*, if *Gwanchigeumyung* indicates a behaviour using financial institutions as a mean to obtain other goals that the government pursues and ignoring financial institutions’ autonomy of management (*The Kukmin Daily*, 9 May 2001).

Credit amnesty was condemned as the infringement of the right of property and an anachronistic action (*Seoul Shinmun*, 7 May 2001).

Against the above arguments, opponents intended to connect “credit information sharing” to “anti-reform” and “the infringement on privacy” and to link “credit amnesty” to “reconciliation” and “support for weak people.” Their arguments can be summarized as follows: i) the request for more credit information sharing can be considered as a kind of anti-reform and can lead to credit information leakage. ii) The blacklisting system should be strictly and legally regulated by the government. iii) Low-middle income people who have bad credit history should be supported.

First of all, opponents of credit information sharing intended to link financial institutions to anti-reform forces. For instance, they criticized financial institutions’ request for the submission of the state of liabilities for a possible violation of basic legal principles and anti-reform purposes.

Seokjun Oh, a judge at Seoul District Court, states “the scope of financial information which can be shared between financial institutions is not specified in the Act on Real Name Financial Transactions and Guarantee of Secrecy. Causing inconvenience to many good customers in order to prevent a few financial transactions by bad credit holders is open to the violation of the less restrictive alternative principle from a legal point of view and the infringement on privacy. In addition, a member of staff of the ruling party, the National Congress for New Politics, said that banks’ requirement for the submission of the state of liabilities in applying for a loan ran counter to the current government’s resolution for

deregulation reform and counter-measures were on the table (*Maeil Business Newspaper*, 22 January 1999).

Furthermore, they contended that the expansion of the scope of credit information could connote credit information leakage leading to the infringement on privacy.

... it is a bit too much for financial institutions to have a full knowledge of individual information. A staff of the Korea Institute of Financial said “on the one hand, it is evitable to establish a credit society earlier but it is not desirable that information about individual private life can be leaked out too much” (*The DongA Ilbo*, 16 December 1999).

The legal activities against financial institutions by civil society organizations, such as the YMCA (10 August 2001) and the PSPD (18 July 2002), roused public opinion against credit information leakage. In this context, an amendment of the Credit Information Act was proposed by a congressman in the conservative opposition party.

This amendment aims to make a legal basis to prevent a wide leakage of credit card members’ information to insurance companies (An Explanatory Statement of an Amendment by a proposing congressman, Boo Kyum Kim, 27 August 2001).

The criticism also came from liberal reform forces. For instance, *the Hankyoreh*, which supported the expansion of the use of credit information in the previous period, pointed out that CBs could be a major source of concern about information leakage.

As more credit information is collected, financial institutions can reduce risks. However, consumers who are targeted may feel like being naked and complain of narrower capability

at financial transactions. In addition, as shown in the case concerning a stream of complaints about the delivery of unapplied credit cards have still been filed to the Financial Supervisory Service, a possible leakage of information is concerned (*The Hankyoreh*, 10 February 2002).

Second, detractors of credit information sharing attempted to link financial institutions-led credit information sharing to the fundamental cause of the bad credit holders' problem. For instance, the PSPD pointed out that past countermeasures for the credit holders' problem, such as credit amnesty, were ineffective because financial institutions were actually in charge of the blacklisting system.

The existing Credit Information Act allows financial institutions to manage the blacklisting system and the government just guides them to delete records and extend the period for registering bad credit holders. However, the effectiveness of such a scheme is open to question. In fact, credit amnesty this year ... did not work because financial institutions did not delete records (An Explanatory Statement of a Petition to the National Assembly by the PSPD, 4 December 2001).

This argument seems to contradict the financial institutions' argument that financial institutions' self regulating system would be beneficial to borrowers. Furthermore, it is argued that because the blacklisting system had no legal basis, the criteria for a bad credit holder needed to be specified in the Credit Information Act. In other words, it is suggested that more direct responsibilities of the management of the blacklisting system should be given to the government rather than financial institutions.

Hence, the registration and management of bad credit holders should not be in charge of financial institutions. Rather, the details about the registration and management of bad credit

holders should be regulated specifically in the Credit Information Act. It is necessary to add the clauses that the Financial Services Commission has the legal authority to take an administrative disposition about the registration and management of bad credit holders (An Explanatory Statement of a Petition to the National Assembly by the PSPD, 4 December 2001).

Lastly, bad credit holders were described as involuntary delinquents and were connected to the weak and the vulnerable that should be supported.

The background of credit amnesty is that more consideration is needed for them to be able to take part in normal economic activities because they were only led to commit mistakes inevitably due to the financial crisis which can be considered as a kind of natural disaster (*The Korea Economic Daily*, 2 December 1999).

It was pointed out that the criteria of bad credit holders were so unreasonable to increase the number of bad credit holders.

... improving the arrears criteria of bad credit holders lest they should be registered on the blacklists unreasonably ... (Press release from the MOFE, the Financial Services Commission and the Bank of Korea, 20 February 2002).

Bad credit holders were redefined as those who need to be protected rather than to be punished. In this context, the government contended that the exclusion of bad credit holders from the blacklisting system had a priority over the maintenance of credit information management system.

A staff of the Financial Policy Division at the Ministry of Finance and Economy explained, “Comparing economic losses caused by keeping 15 percent of the total economically active population (2.3 million) as bad credit holders with losses from damaging the infrastructure of civil society, the first would be more serious than the second. This judgement led to the step toward credit amnesty” (*Seoul Shinmun*, 7 May 2001).

The ruling party stressed that the request for a large scale amnesty was for the purpose of the reconciliation of the nation and the restoration of civil rights suspended due to the financial crisis.

The President noted that the presidential pardon was partly motivated to ease the suffering Koreans underwent as a result of the 1997 foreign exchange crisis. “As for those who have had sanctions imposed on their financial transactions in the wake of the foreign currency crisis, I will ease the sanctions or lift them completely, depending on the degree of their wrongdoing,” Kim said (*Korea Herald*, 30 December 1999).

In short, the contents of disputes in this period can be summarised as Table 6-2.

## **6.4. The reconciliation period of debate (January 2003 ~ December 2007)**

### **6.4.1. The “Participatory Government” and credit delinquents**

Heated debates over credit information in the previous period faced two significant incidents in this period: the reform forces succession in the presidential election and a steep increase in individual credit defaulters.

**Table 6-2** The contents about the dispute between advocates and opponents

	<b>Against the credit information system</b>	<b>In favour of the credit information system</b>
<b>Actor</b>		
	The ruling party PSPD YMCA	KFB Financial institutions Credit Bureaux
	The government	
<b>Contents</b>		
The submission of the state of liabilities	Anti-reform purpose Possible violation of basic legal principles	Establish a credit society Stable financial life
Credit Bureau	Credit information leakage leading to the infringement on privacy	Developed country level credit society
Blacklisting system	Selfish financial institutions  No legal basis Necessity of the government's strict regulation	Beneficial to the borrowers National economic growth Self-regulation
Credit amnesties	Bad credit holders to be supported Reconciliation of nation Restoration of civil rights suspended due to the financial crisis	Bad credit holders to be punished The erosion of credit society Possible economic crisis  Counterproductive Infringement on the right of property
<b>The contents of symbolic conflicts in civil society</b>	It is anti-reform and violates legal principles. It will infringe privacy.  Blacklisting system should have a legal basis with specified details. Bad credit holders are to be supported and their civil rights are to be restored.	It creates credit society.  It will lead to developed country -level credit society. Self-regulating blacklisting system is good for borrowers and development. Bad credit holders are to be punished and a credit amnesty erodes credit society and is counterproductive.

The reform forces succession as the “Participatory Government” implies that the government’s policies would be very much in line with the previous government’s ones. For instance, the support measures for low-income households during the previous period, such as personal credit workouts, expanded to an individual credit recovery program (*The Chosun Ilbo*, 18 July 2002) and a debt rescheduling program (*The Chosun Ilbo*, 25 August 2003).

These measures had been also promoted particularly due to the increase in the number of bad credit holders. The number of debt delinquents almost doubled for the previous period, from 1.43 million at the end of 1997 to 2.63 million at the end of 2002. The swelling number of bad credit holders affected the credit information management system in two ways; one is the move to abolish the blacklisting system and the other is to provide a chance to arouse public opinion about the protection of credit information. After the presidential election, the Presidential Transition Committee declared the abolition of the blacklisting system (7 January 2003). What is interesting is that the Committee stressed that its abolition did not imply the credit amnesty which would lead to the deletion of records of bad credit holders from the CCA. One of the reasons was that the Committee wanted to distinguish its policy direction from the two credit amnesties which were criticized as actions to aggravate the moral hazard of bad credit holders (*The Herald Business*, 16 January 2003).

However, for six months after the start of the Roh Moo-hyun government, the number of bad credit holders soared to 3.23 million in June 2003. As this upsurge became one of the major social issues, countermeasures to solve bad credit holders’ problem were proposed by political parties and the government. For instance, a congressman declared an amendment of an agreement to alleviate the criteria of bad credit holders (13 June 2003). The government



announced a comprehensive plan for bad credit holders including the policy direction of the promotion of CBs and the abolition of the management system of bad credit holders in the long run (25 August 2003).

Entering into 2004, the move to abolish the blacklisting system accelerated. On the 25<sup>th</sup> of January 2004, an opposition party announced a plan to submit an amendment to the Credit Information Act to delete the term, ‘bad credit holder (*Shinyongbulrang ja*)’ from the Act<sup>125</sup>. The ruling party also declared a change in the management of bad credit holders into the differential management of credit rating (9 March 2004). Finally, on the 3rd of November, congressmen submitted an amendment to the Credit Information Act which was passed in the plenary session on the 29<sup>th</sup> of December 2004.

What is noteworthy is that the precondition of abolishing the blacklisting system was the expansion of credit information infrastructure.

No matter how much the person’s overdue amount is, 0.3 million KRW or 300 KRW, if an individual is registered as a bad credit holder, it is the same for the person to fail to make a financial transaction and to get a job. ... Prior to the abolition of the concept [a bad credit holder (*Shinyong bulrang ja*)], it is imperative to fully establish credit information infrastructure. ... (*The Herald Business*, 2 June 2003).

For instance, the Financial Services Commission (hereafter FSC) answered the question of a congressman in the ruling party that it aimed to include information on wealth, income and loan payment history into the scope of information collected in the CCA (*The Korea Economic Daily*, 21 February 2003). The MOFE announced the plans to create a favourable

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<sup>125</sup> It was abrogated due to the expiration of the terms of congressmen.

environment for CBs; an amendment of the Credit Information Act to establish a legal basis for CBs (*The DongA Ilbo*, 31 March 2003) and an amendment to the Credit Information Act to allow CBs to share individuals' information held by public administrative entities (*The Korea Economic Daily*, 24 April 2003). The KFB shortened the period for the registration of information to update credit information (16 June 2003). Two think-tanks sponsored by the government and financial institutions, the KDI and the KIF, recommended the replacement of the uniform and strict management of bad credit holders with the differential management based on credit rating. The KFB agreed to the abolition of the blacklisting system but announced a plan to collect positive credit information (13 April 2004).

In particular, the KFB and CBs competed for the leading position in collecting more credit information. The KFB argued that it would be cost-effective to intensify the CCA and to share information because information was already collected into the CCA (*The Herald Business*, 16 September 2003). CBs argued that, like the U.S., the management of credit information should centre on the CBs (*The Herald Business*, 16 September 2003).

Meanwhile, the swelling number of bad credit holders promoted the introduction of measures to reinforce the protection of credit information which was driven by political parties and the government. On the 15<sup>th</sup> of October 2003, congressmen submitted an amendment of the Credit Information Act to enforce financial institutions to notify individuals what information is provided and to whom it is provided. The MOFE publicized that it would formulate a plan to encourage credit reporting agencies to provide no information about bad credit holders for the purpose of the examination of job applications (16 March 2004). This was submitted as an amendment of the Credit Information Act by congressmen on the 9<sup>th</sup> of August 2004. An amendment of the Credit Information Act, including the right to revoke consents to provide

and use personal credit information, was submitted (14 September 2005). On the 19<sup>th</sup> of March 2006, the MOFE issued public notices about the amendment of the Enforcement Decree of the Credit Information Act including a right to free perusal. On the 31<sup>st</sup> of May 2007, it also issued public notices about the amendment of the Credit Information Act to force financial institutions to obtain individuals' consent when they intend to be provided credit rating by CBs.

The participation of the civil society organizations in the debates over credit information became more aggressive in this period. For instance, the PSPD shifted its role from a panel in a KFB's conference to be a host of a conference, holding a discussion meeting for the solutions of bad credit holders' problem (The People's Solidarity for Participatory Democracy, 2004). It attempted to be an agenda-setter rather than an agenda-taker, as shown in the announcement of reform agendas to be dealt with in the National Assembly including the abolition of the management of bad credit holders (Press release from the PSPD, 11 June 2004). On the 10<sup>th</sup> of November 2004, it made a petition to the National Assembly to abolish the blacklisting system and furthermore to ban the sharing of credit rating such as good credit rating or bad credit rating.

Regarding the public sphere for the debate over credit information, along with the development of information communication technology and the diffusion of the Internet, many internet cafes for bad credit holders thrived as an alternative public sphere where active discussions and discourses on bad credit holders were produced and shared. For instance, in the middle of 2003, around 121 cafes relating to bad credit holders at Daum.net were activated and one of them had around 30 thousand members (*The Kyunghyang Shinmun*, 8 May 2003).

The most distinctive feature in this period may be the increase in the number of submissions of an amendment by politicians. From 2003 to 2007, 17 amendments were submitted while 7 amendments were proposed during the previous two periods (1994-2002) (Appendix 6-20). In particular, all amendments in this period were proposed by politicians and 44% of them were related to the protection of credit information. Another interesting point is that arguments for the protection of credit information became more active and direct in terms both of content and scope. For instance, compared to indirect measures such as pre-notification of the registration of a bad credit holder in the previous period, the protection of credit information stretched to the restriction in the purpose of credit information use and to the reduction of retention period of credit information to 5 years after a financial or commercial transaction. Furthermore, the PSPD proposed restriction in the scope of credit information to be shared by making a petition to the National Assembly that sharing credit rating should be banned. Another interesting characteristic is that, as indicated by the Presidential Transition Committee's statement, the abolition of the management of bad credit holders did not lead to the deletion of bad credit holders' credit information. Rather, the expansion of the scope of credit information collected into financial institutions was suggested. The government announced the policy direction to promote CBs when the abolition of the blacklisting system was reviewed in 2003 (Press release from the MOFE, 10 March 2004). The PSPD also suggested that the blacklisting system should be replaced by CBs (An Explanatory Statement of a Petition to the National Assembly by the PSPD, 10 November 2004). After its abolition, the government extended the retention period of delinquency information from one year to five years to support the promotion of personal credit rating (The Financial Services Commission, 2005).

#### 6.4.2. Content of debate

As discussed above, the abolition of the existing blacklisting system was at the heart of the debate over credit information in this period. Hence, discussants attempted to highlight negative aspects of existing credit information management system from their own points of views. The advocates of credit information sharing linked credit information to ‘development,’ ‘advanced global standard’ and ‘benefits.’ Their arguments can be summarized as follows; i) the existing blacklisting system hampers economic growth. ii) It is not in accordance with practices in advanced countries such as the U.S. iii) Credit information management needs to be improved for the users’ benefits and international competitiveness.

First of all, the proponents for credit information sharing criticized the existing blacklisting system for its negative effect on economic growth as follows,

The bad credit holders’ problem is being a drag on our economy. ... The number of bad credit holders who are restricted in economic activities increased by 0.96 million (around 36 percent) and has been an important factor to undermine our economic fundamentals ... (*The Korea Economic Daily*, 27 November 2003).

An amendment of the Credit Information Act proposed by a congressman on the 28<sup>th</sup> of January 2004 was in line with this argument.

Because it caused the reduction of consumption, resulting in an obstacle to economic growth at national level, this blacklisting system which restricts bad credit holders’ economic activities needs to be abolished (An Explanatory Statement of an Amendment by a proposing congressman, Kang-doo Lee, 28 January 2004).

Second, the improvement of the credit information system for international competitiveness was a consistent argument adapted by the supporting group for the enhancement of the use of credit information. For instance, the government propelled regulation reforms including the promotion of the use of information held by public entities under the name of the enhancement of national competitiveness (Press release from the Regulatory Reform Promotion Committee, 5 December 2005). At the same time, the benefits to borrowers were stressed as argued in two previous periods.

... besides the enhancement of users' benefits, [it is] for the sake of the development of information and communication industry and the reinforcement of international competitiveness ... (An Explanatory Statement of an Amendment by a proposing congressman, Jese Oh, 19 July 2007).

Third, the existing system was condemned as a unique and eccentric blacklisting system.

A blacklisting system has been implemented only in Korea. Korea is the only country that classifies defaults over a specific period separately and labels them as bad credit holders. Even in the U.S. where the distribution of credit information is promoted, no information as "a bad credit holder" but general information on delinquency is distributed (*The Korea Economic Daily*, 8 January 2003).

The improvement of the credit information system was linked to the system in advanced countries (Press release from the Financial Services Commission, 25 August 2003). In a similar vein, more expansion of the credit rating system and credit information collection agencies for an advanced system was suggested.

The top priority in consumer finance advancement is to get an advanced risk management system in consumer credit financial institutions by augmenting financial institutions' credit rating system and credit information collection agencies which collect information on delinquency ... (*The Munhwa Ilbo*, 9 January 2004).

A new system after the abolition of existing blacklisting system was described as the one in developed countries.

... while the uniform title of credit defaulter disappears, a new class system or hierarchy under the name of "credit classification" is being introduced. Our society is now tasked with adapting itself to the sort of financial system they have in developed countries, where citizens must manage and take responsibility for their own credit ... (*The Chosun Ilbo*, 27 April 2005).

Lastly, more direct criticism attempted to associate the existing blacklisting system with an obstacle to the efficient use of credit information.

The blacklisting system has been blocking effective distribution of credit information because its punitive action against bad credit holders such as restriction on financial transactions is stressed ... (Shin I.-s. , 2003).

Meanwhile, the supporting group for the protection of credit information attempted to link the existing blacklisting system to "socio-economic side-effects," "the social stigma of a financial offender," "misuse" and "the infringement of fundamental rights." Their arguments can be summarized as follows; i) the existing blacklisting system produce the social stigma of a

financial offender, leading to the restriction to bad credit holders' freedom of economic activities. ii) It has been misused as a mean to collect debt. iii) It is an infringement of fundamental rights. First, the existing blacklisting system was criticized to be harmful to civil society. The arguments highlighted socio-economic side-effects such as the restriction to the freedom of economic activities and family break-up. For instance, the explanatory statement of an amendment of the Credit Information Act to abolish the blacklisting system pointed out that the blacklisting system produced social stigma for bad credit holders.

Unlike the original aim, it has been used as a uniform standard to decide whether a financial transaction is permitted. In addition, a bad credit holder has the social stigma as a bad economic subject. As such, the blacklisting system has produced many socio-economic side-effects (The National Assembly, 2004).

The bad credit holders' problem was linked to an irreparable disaster to economy and society (Kim H.-s. , 2003). As such, the appraisal of the blacklisting system's side-effects was made in terms of a social problem rather than economic development or economic competitiveness.

The person who is classified as a bad credit holder now has many more difficulties in a normal economic life and surrenders all hope of recovery, leading to social deviant behaviour and accordingly causing family break-up (An Explanatory Statement of an Amendment by a proposing congressman, Young-chun Kim, 9 August 2004).

Second, advocates for the protection of credit information attempted to associate the credit information system with misuse and abuse. For instance, the PSPD pointed out that the existing blacklisting system has been misused as a means to collect debt.



The existing blacklisting system is unique in the sense that it polarizes an individual's credit and does not allow a bad credit holder to make any financial transaction. It is used as a means to collect debt rather than to evaluate an individual's credit (Press release from the PSPD, 30 November 2004).

On the petition to the National Assembly, the PSPD stated that simple credit information can be misused as a uniform standard, insisting on the ban of the sharing of credit rating system such as good credit rating or bad credit rating.

[While information on delinquency] is simple credit information on an individual in the financial sector, the blacklisting system has branded a defaulter as *de facto* a financial offender and has been used as a uniform standard which restricted the defaulter to be employed. Hence, in order to abolish the blacklisting system and to establish credit rating-based loan practice of financial institutions, it is necessary to ... (An Explanatory Statement of a Petition to the National Assembly by the PSPD, 10 November 2004).

Lastly, proponents for the protection of credit information attempted to associate credit information with the infringement of fundamental rights.

Regarding this trial, legal experts explain ... the blacklisting system does not inform an individual's ability to repay a loan. It threatens an individual's social life and accordingly has a factor causing the infringement of fundamental rights (The Herald Business, 28 October 2003).

The reinforcement of the protection of credit information was suggested on the grounds of possible misuse and abuse of credit information by financial institutions.

The concerns over damage from the leakage of personal credit information caused by the misuse and abuse of personal credit information by credit information industries ... (An Explanatory Statement by an Amendment by a proposing congressman, Young-ju Kim, 15 November 2006).

In conclusion, the structure of discourse in this period can be summarised as Table 6-3.

**Table 6-3** The symbolic system of the dispute over the credit information system: The period of reconciliation

<b>The structure of the dispute about the Credit Information System in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Policy	Blacklisting system Sharing of credit rating	Credit Bureaux
Actor	Financial institutions	PSPD Political party
Discourses	Infringement of human rights Misuse and abuse of credit information by financial institutions Restriction to freedom of economic activities	Protection of credit information  Improvement of credit information system for international competitiveness
<b>The structure of cultural value system in civil society</b>		
	<b>The Bad</b>	<b>The Good</b>
Culture(value)	Inefficiency  Underdevelopment Abuse of information	Efficiency Cost-effective Advanced and Development Protection of information Human rights

Compared to the structure in the introductory period, it is found that the democratic code as well as the developmental code was used to instruct action and speech in civil society. The developmental code was used to persuade civil society to support credit information sharing. The existing blacklisting system was identified as a barrier to economic growth and the improvement of the credit information system was associated with an advanced and developed system. What is interesting is that the democratic code was also drawn on to criticize the existing credit information system. The arguments in this period were extended to the problem of the credit information system, such as infringement on fundamental right including freedom of economic activities. It is a distinctive feature of this period in the sense that leakage of personal information was used to stress the protection of credit information in the introductory period.

## **6.5. Conclusion**

This chapter was motivated by the question of how the coexistence and the confrontation of existing codes have evolved in Korean civil society in the process of democratisation and informatization. The answer to the question was examined through the debate about credit information in the sense that i) the debate over credit information was conducted for a longer period compassing the previous two debates, ii) the previous two debates showed the continuous confrontation of two codes for dominance and iii) the debate over credit information has an innate tension between the two codes (use vs. protection).

The findings can be summarized as follows. First, the dispute over credit information reconfirms that both the democratic code and developmental code are used to instruct action

and speech in Korean civil society. Unlike existing theories on the democratic transition and consolidation in Korean society, it provides an analytic explanation of how members of Korean civil society are divided and integrated over two codes in the transition toward a democratic, information society. From the perspective of the social movement approach, the move to provide credit information protection, such as a credit amnesty and the abolition of the blacklisting system, would result from civil society's pressure on the democratic regimes to continue economic and social reforms. However, elite choices, such as the request and decisions of the ruling party and the Presidential Transition Committee, seemed to play a pivotal role in the move. Nonetheless, the elite-oriented theory needs further investigation of what made the elites' choice. Following a late-Durkheimian framework, I argue that the elites' choice was motivated by the operation of the democratic code.

Second, the debate over credit information shows that in tandem with the advent of democratisation's era, the democratic code challenged the developmental code which had got embedded in the existing system established in the industrial period. Furthermore, it is found that eventually both of them became balanced and coexisted in the transition toward democracy. The policy focus of credit information shifted from the credit information use-oriented ones to the simultaneous promotion of credit information use and protection. As shown in the debate over the abolition of blacklisting system, credit information sharing was reinterpreted in terms of the democratic code as well as the developmental code. The existing credit information system was criticized because of infringement on fundamental rights, including freedom of economic activities.

Third, it can be concluded that the developmental code, originating from efficiency rather than anti-communism, did not disappear. Even though various measures for credit

information protection have been introduced, actions for the promotion of credit information use, such as the expansion of the scope of credit information collected and the promotion of CBs, have also intensified. The abolition of the blacklisting system did not lead to the ending of the collection of bad credit holders' information, but to the improvement of the credit information system through the development of CBs. It may reaffirm that the developmental code can still be used to instruct action and speech in civil society in the transition toward democracy. It seems to be in line with the findings in the debate over the NEIS, even though the themes drawn upon in the developmental code are different.

Lastly, the debate over credit information provides evidence that informatization can serve the same role in the developmental code as industrialisation in the government-led development era. Like the case of electronic ID card and the NEIS, the improvement of existing credit information system, such as the transformation into on-line based system, was propelled under the name of informatization to promote national competitiveness. However, unlike the previous two cases, informatization of the credit information system was accomplished without any objection from civil society. The expansion of credit information which was linked to the leap into being a developed country was not rejected by Korean civil society. It may indicate that the developmental code still has influence in Korean civil society even though its effect has become weaker.

## **CONCLUSION**

This research has sought to explore discourses of democratisation in Korean civil society entering into the information age coincident with democratisation. To do this, a late-Durkheimian theoretical framework has been used. This framework has provided a clearer picture of democratisation than existing studies to explain the democratic transition and consolidation in Korea, such as the strategic choice theory and the social movement theory. For instance, existing studies have not provided an explanation of i) what made democracy fighter-turned-president governments put a priority on national competitiveness over democratic rights and ii) why the Korean people accepted the launch of the NEIS, while they objected to that of the electronic ID card.

This review of recent debates in South Korea over the implementation of information policies suggests the possibility of coexistence and conflict among multiple symbolic codes such as the 'developmental' and 'democratic' codes. The former involves authoritarian social values based on economic development and anti-communism while the latter is based on the values of democracy. It was found that the drive to informatization in South Korea reflected both democratic values and developmental values. This leads to one tentative conclusion that informatization in South Korea discloses an innate tension between democratic values such as human rights and individual privacy, and the developmental and industrial values such as efficiency. The above two opposing codes played significant roles in the processes of integration and division of a differentiated civil society by being mobilised in the conflicts.

The coexistence and conflicts of both codes were investigated by using three representative disputes over information-related policies: i) the controversies over the electronic ID card between civil society organizations and the Korean government from 1995 to 1999, ii) the controversy over the NEIS from 2000 to 2003, and iii) the debate about credit information

from 1995 to 2007. The reason for selecting these three cases is that they reveal significant processes where existing values in a civil society are not only clearly exposed but also can show processes of change through symbolic conflict over new values. Through the analysis of the process of disputes, the research has tried to show how the different codes in Korean civil society are used symbolically in the transition toward a democratic and an information society and how members of civil society are divided and integrated over them.

### **Summary of findings from debates over 3 information-related policies and implication**

The process of controversy of the electronic ID card was examined in chapter 4 and showed how existing codes underwent change at the beginning stage of the transition toward democracy and an information society.

First, it was found that the coexistence of multiple codes in civil society involves a potential symbolic conflict; the developmental code of efficient administration, convenience of people, information and national competitiveness appeared opposed to a democratic code of human rights and privacy. Second, another finding was that the classification of the sacred and the profane can be subject to change through the process of symbolic conflict. Through the process of debate, the symbolic meaning of the electronic ID card changed from a sacred one to a profane one. The ID card was signified by the developmental code in the initial stages, but a year and a half later became re-signified by the democratic code, losing much of its justification. Third, another tentative conclusion was that the democratic code had the tendency to be dominant at the early stage of the transition toward democracy in Korea. The fourth finding was that the dispute over the electronic ID card provided a decisive moment for civil society organization to become more aware of the privacy issue. The indication was that



informatization propelled by the government in Korea should depend on the democratic code as well as the developmental code and accordingly democratic values should not be sacrificed for the sake of developmental value. The last finding was that external factors, such as the MacBride Roundtable and financial crisis in 1997, can also play a significant role in symbolic conflict.

The dispute over the NEIS was explored in chapter 5. In the debate over the electronic ID card, when the first government was elected from the opposition party in 1998, the democratic code seemed to be established as the dominant code. This finding was reviewed in the debate over the NEIS which hit its stride after the first accession to power by only democratic forces without any coalition in 2002.

It was found that, like the debate over the electronic ID card, the controversy over the NEIS does not only confirm the coexistence of the democratic code and the developmental code but also the contestation for dominance between them. The tentative conclusion was that the developmental code did not disappear in the transition toward democracy in Korea. Second, unlike the case of the electronic ID card where the developmental code depends on efficiency of administration, that of the NEIS showed a distinctive feature that the developmental code in Korea is also associated with anti-communism as well as efficiency. As the dispute continued, conservative forces attempted to link reform forces with threats to the national interest by drawing on anti-communism. The final point is that the main selling point of the arguments of civil society organisations is also differentiated in every period of the dispute. In this context, the debate over the NEIS suggested that the possible conflicts between the democratic code and the developmental code are likely to be persistent in civil society of Korea.

Chapter 6 was motivated by the fact that i) the debate over credit information was conducted for a longer period encompassing the previous two debates, ii) the previous two debates showed the continuous confrontation of the two codes for dominance and iii) the debate over credit information has an innate tension between two codes (use vs. protection).

The findings can be summarized as follows. First, the debate over credit information showed that in tandem with the advent of democratisation's era, the democratic code challenged the developmental code which became embedded in the existing system during the industrialisation period. Furthermore, it was found that eventually both of them became balanced and coexisted in the transition toward democracy. The policy focus of credit information shifted from the credit information use-oriented ones to the simultaneous promotion of credit information use and protection. As shown in the debate over the abolition of the blacklisting system, credit information sharing was reinterpreted in terms of the democratic code as well as the developmental code. Another finding was that the developmental code, originating from efficiency rather than anti-communism, did not disappear, as shown in actions for the promotion of credit information use such as the expansion of the scope of credit information collected and the promotion of CBs. The abolition of the blacklisting system did not lead to the ending of the collection of bad credit holders' information, but to the improvement of credit information system through the development of CBs. The last point is that the debate over credit information provides evidence that informatization can serve the same role in the developmental code as industrialisation in the government-led development era.

The above analyses on three debates over information-related policies shed light on the discussion about the dominance of the democratic code in the transition toward a democratic and information society. The three debates suggest that the democratic code has a tendency to be dominant in Korean civil society. It can be seen from each debate and one narrative combined with all three debates. The ID card which drew on the developmental code eventually lost much of its justification after it was re-signified by the democratic code. While the NEIS was not scrapped, its implementation required a revision of its essential parts, such as the removal of sensitive personal information, suggesting the shift from the developmental code oriented system to a compromise system depending on both the democratic code and the developmental code. The protection of credit information became more influential in public voices on the credit information system, which was initially established on the basis of the developmental code. It indicates that democratisation and informatization can operate in tandem to establish the dominance of the democratic code in discourse in the public sphere.

Considering one narrative constituted with all three debates, the structure of the cultural value system at the early stage of informatization and democratisation can be investigated in the introductory period of the debate on the electronic ID card (April 1995) and the dispute over credit information (January 1995). Tables 4-1 and 6-1 show only the developmental code was signified as the sacred at that time. The cultural value system at the next stage of informatization and democratisation is shown in the final stage of the electronic ID card (February 1999) and the initial stage of the NEIS (January 2000). The coexistence of the democratic code and the developmental code is detected (Tables 4-3 and 5-1). The recent cultural value system shown in the final stage of the dispute over the credit card (December 2007) is the coexistence of the democratic code and the developmental code (Table 6-3). However, compared to the dominance of the developmental code in the introductory period

(Table 6-1), it suggests that the democratic code has a tendency to be dominant in Korean civil society.

What is interesting is that the debates also showed that the developmental code does not always remain in the ‘residual’ position. The case of the NEIS revealed that the developmental code in South Korean civil society became more powerful when it was related to anti-communism. It implies that the developmental code as the amalgamation of efficiency and anti-communism in Korea may have a more enduring and pervasive influence on civil society in Korea than in other countries. It also provides evidence that anti-communism is still one of the influential ideologies in South Korea, despite the breakdown of the cold-war system, and the summit meeting in 2000 and ‘Sunshine’ policy. The controversy over credit information also reaffirms the persistent and prevailing influence of the developmental code in Korean civil society in the sense that it showed that the developmental code does not necessarily depend on anti-communism. It indicates that the developmental code still has influence in Korean civil society even though its effect is weaker. It provides a reasonable answer to questions of why democratic-fighter-turned governments places an emphasis on “economy first” over democratic rights and the launch of the NEIS despite the scrapping of the electronic ID card. It also would be a possible explanation for a recent phenomenon in Korean civil society, namely, nostalgia for the era of the authoritarian developmental state and the reappearance of discourses about economic growth having priority over democracy. In conclusion, this research argues that the values of a ‘democratic’ code are becoming more dominant in recent South Korean society, despite continuous challenge for its validity.

## **Outlines of further research**

This research provides a useful framework for the investigation about the coexistence and conflicts of cultural codes in the transition toward democracy and information society. Hence, it can be extended and applied to further research. For example, one possible application would be an analysis on the discourse in informatization driven by the private sector. In this research, the government was one of the main participants in the conflicts of cultural codes because informatization in Korea was initiated and accelerated by the government. In the sense that the recent deepening in informatization has been promoted by various commercial companies, debates have flourished concerning privacy infringement by private companies. For instance, the recent controversy over the Smartphone' location tracking services and their collection of geographic data would be a relevant case. They raise an interesting question of how the confrontation of existing cultural codes involved in such debates centred on commercial companies is resolved.

Further research would be the influence of external factors in cultural codes and their conflicts. This research finds that external factors, such as foreign experts and the financial crisis in 1997, can have an impact upon cultural codes. Recent years have witnessed and increased in South Korean civil society in the number of multi-cultural families and people who escaped from North Korea. Alexander (2006a) asserts that divisions within society can be reconstructed with the idea of civil solidarity which can be broadened through the process of civil repair. In this regard, an interesting set of questions would be i) how people from different cultures have been integrated in South Korea society, ii) how the process of exclusion and inclusion based on solidarity has been and iii) what effects they have on

existing cultural codes, such as the relationships between issues on people who escaped from North Korea and the developmental code associated with anti-communism.

Other further research would be informatization's role in the cultural code of other countries. This research shows that informatization can serve the same role in the developmental code as industrialisation in Korea. The significant disparities in informatization exist across the world. For instance, Latin Americans are reported to spend 7.6 hours per user on social networking, while those in the Asia Pacific region spend less than 3 hours (comScore, 2011). In this context, further research could focus on the question of how informatization in other countries is related to cultural codes and their conflicts.

## **APPENDICES**

**Appendix 3-1** The timeline of the debates over Information-related policies

Kim Young-sam government (1993-1997)					Kim Dae-jung government (1998-2002)					Roh Moo-hyun government (2003-2007)				
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
		Apr. 1995: the announcement of the ID card plan Oct. 1996: the start of main debate Feb.1999: the abandonment of the ID card project												
							Jul. 2000: the start of the plan of constructing NEIS. 2003: main period of the debate Dec. 2003: the agreement of mediation							
		1995: the enactment of the Use and Protection of Credit Information Act. The scope of exchangeable credit information has fluctuated with time and related agreements have been modified according to the revision of law. This process of revision has brought constant debates between NGOs and the financial sectors and the government.												
The first civilian government but this government was established by joining the ruling party.  1993-1994: a series of strong political and socioeconomic reforms in the name of a total globalization policy ( <i>sekyewha</i> )  1995: both Chun Doo-whan and Roh Tae-woo who, on charges of insurrection and corruption as previous presidents, were jailed by the					The first transfer of power between the ruling and opposition party; It was achieved by the political union. The strong demand for democratisation. The growth of civil right.  The economic policies based on neo-liberalism to recover the financial crisis.  The encouragement of the development of IT industry and the supply of networks.					The first succession of democratic-reform force by itself; it caused the severe division between the conservative force and the liberal reform force, in other words anti-communism industrial force and peace democratic force.  The development of the Internet which led to the growth of new media on the Internet and social participation of 20s and 30s' generations.				



<p>people's strong protest.</p> <p>1997: The financial crisis-authoritarian force was regarded as the cause of financial crisis.</p> <p>Corruption.</p> <p>-the authoritarian industrial force was regarded as the reason of the economic crisis.</p> <p>While the democracy was introduced, the authoritarian system still remained during this government.</p>	<p>The summit conference between South Korea and North Korea</p> <p>The contentious politics were structured; the conservative force began to oppose the government.</p> <p>While the government achieved the recovery of financial crisis and the improvement of relationship with the North Korea, it was also faded by the corruption of persons close to the President.</p> <p>According to the diffusion of the Internet, the various needs in civil society could emerge.</p>	<p>As the conservative force failed to the presidential election again, the social political conflict was intensified and the conservative has been criticizing the government.</p> <p>Reform liberal force became disappointed about the political ability of democratic force; e.g. Sending troops to Iraq and the deepening gap between the wealth and the poor.</p> <p>Although the democratic force succeeded to get the power, the public could realize that the democratic force would not be the only good.</p> <p>While democratic force decreased, industrial force grew.</p>
<p>The democratic code was strongly regarded as the important value in civil society.</p>	<p>In the early stage of the government, the democratic code took the superior position than the developmental code.</p> <p>During the period, the conflict between conservative force and reformatory force accelerated.</p>	<p>Although the democratic reform force took the power, the conflicts were intensifying in civil society.</p> <p>The developmental code began to re-estimate by the public with the disappointment of the democratic force.</p>

**Appendix 4-1** The chronology of the dispute over the electronic ID card

Dates	Events
March 1995	Establishing the basic plan for renewal of the residence registration card
7 April 1995	Forming the committee for promoting the electronic ID card (17 members from 15 institutions)
12 May 1995	Organising the initiative committee for the electronic ID card
March 1996	Issuing the pilot electronic ID cards to 1500 citizens in Chungang-dong, Kwacheon city
June 1996	Establishing the basic Framework for Promotion of Informatization: selecting the electronic ID card project as its main task and establishing the plan for Issuance of Electronic National ID Card
August 1996	Discussing the problem of the electronic ID card at the MacBride Roundtable
14 October 1996	Forming A Joint Struggle Committee to Protect Privacy Rights and against Integrated Electronic National ID Card by 16 civil society organisations
30 October 1996	The MOHA, holding a roundtable for explaining the electronic ID card project
2 November 1996	The JSCID, holding a public discussion meeting
27 February 1997	The MOHA, adjusting the schedule from starting issuing the electronic ID card to all citizens at January 1988 and enforcing it in January 1999 to starting issuing in October 1988 and enforcing it in October 1999
April 1997	The JSCID, publishing a Data Collection, <i>the electronic ID card and the Coming of Electronic Surveillance Society</i>
April 1997	The MOHA, publishing a booklet, <i>A Guidebook for the Electronic ID Card</i>
16 June 1997	The Korean Bar Association, holding a forum: What are the Problems of the Electronic ID Card?
30 June 1997	The Human Rights Committee of Catholic Church, holding a forum: information Society and issues of Human Rights
14 July 1997	The Home Affairs Committee in the National Assembly, holding a public hearing and presenting a bill for the renewal of the residence registration card
November 1997	The JSCID, staging a demonstration in front of the National Assembly and a visit to the ruling party, <i>Hannara</i> party
17 November 1997	Passing bill for renewal of the residence registration card in the Assembly plenary session

14 December 1997	Holding a TV forum for the Presidential election: Kim Dae-jung declared the objection to the project
18 December 1997	Kim Dae-jung, winning the presidential election
30 December 1997	The JSCID, announcing a manifesto, “the promise of the president-elect that he objects to the electronic ID card must be kept.”
10 February 1998	The Lawyers for Democratic Society, making a recommendation to abolish the electronic ID card project to the president-elect and the Presidential Committee
February 1998	The Presidential Committee, deciding to defer of the project and request the audit
6 April 1998	The Board of Audit and Inspection, conducting a special audit to the project of the electronic ID card
22 February 1999	The new ruling Party and the government, agreeing to scrap the plan for the electronic ID card

**Appendix 5-1** The differences between C/S and NEIS

	C/S	NEIS
Main services	Limited to school affairs(academic affairs, school affairs administration)	Covering overall education administration such as academic affairs, school affairs, personnel, accounting, materials, facility and so on
Server location	Each school	Education offices in cities and provinces -link each school to education offices via the Internet
System management	Teachers of school -operating and managing patch by each school	The person in charge of this service at education offices in cities and provinces -operating and managing patch by education offices in cities and provinces
Data management	Responsibility of each school -school teachers	Responsibility of education offices in cities and provinces -data access is only for school teachers
Data security management	Independent solution per school (ex. Fire-wall)	Security system by education offices (ex. Log management, use of cryptology technology)
Data sharing and utilization	Possible for data sharing and utilization only if each school submits data to the higher institutions. - School->data generation->submitting data to education offices in cities and provinces -> formation of database -> the education ministry ->utilization	Possible for online data processing by integrated information system which makes data utilization easier. - Process in school works -> direct generation of information by the education ministry -> utilization
Public Service	Impossible for real time public services	possible for real time public services

- Reference: Kim J-c. (2003, p. 4).

**Appendix 5-2** 27 education information management fields of the NEIS

<b>Work fields</b>	<b>Details</b>
Teacher HR	Registered/current No., HR records, hiring, salary step, years of service, transfer, employment test, assessment, promotion, training, awards and discipline, service, faculty for term, employment of professional position, qualification test management
Staff HR	Registered/current No., HR records, hiring, salary step, years of service, transfer, employment test, assessment, promotion, training, awards, reinstatement
Pay-roll	Monthly wage, annual salary system, holiday vacation payment, annual compensation payment, performance-based bonus, year-end settlement, health insurance, national pension, employment insurance
Administration Service	certificates, civil petition, complaints/suggestions/question, information disclosure, status statistics, etc
Emergency	Civil defense drill, training, military personnel for public interests, etc.
Incorporation	Incorporation info, budget/settlement, incorporation ledger, etc.
Facilities	Facility building projects, school facilities, maintenance, accommodation plan, etc.
Property	Management of shared properties, property ledger, reuse of properties of closed schools, etc.
Supplies / Materials	<b>Acquisition/operation management, survey on goods, supply plan, management of school tools' standard, management of school tool status, management of laboratory practice materials, management of instruments and materials' standard, supply status management, supply statistics</b>
Budget	<b>Compilation of the budget, budgetary allocation, budget carried forward, budgetary application, budgetary statistics</b>
Accounting	<b>Revenue, expenditure, cash other than revenue and expenditure, contract/seizure, settlement, fund</b>
School Accounting	budget, revenue, expenditure, settlement, cash other than revenue and expenditure, development fund
Life-long Education	Life-long education facilities management, management of private and educational institutes, etc.
Qualification Exam	Application acceptance, exam scores handling, exam site management,

for School Admission	statistics, etc.
Supervision	Educational courses, pilot schools, scholarship information, etc.
Educational Statistics	School status, student status, teacher status, facilities status, etc.
Property Registration	Property ledger, details management, property report, etc.
Audit	Audit plan, audit status, cyber audit, etc.
Legal Affairs	Legal info, precedent info, interpretation of legal questions, etc.
Public Release	Press releases management, etc.
School Meals	Statistics of school meals, management of school meals, other management except for school meals, analysis of school meals
Physical Education	School physical education facilities management, athletes management, statistics, etc.
Planning	Major work, organization evaluation
System	Code management, integration, security, user authorization and authority management, log management, interface management, batch work management, work processing approval management
*School / student affairs	Basic school information, educational courses designing, school affairs handling, student records management and changes update, graduation/grade advance/class organization, <b>student behavior management, report cards management, student's school life record management</b> , textbook
Admission/Admission to a School of Higher Grade	Basic data management, admission application management, <b>exam scores management</b> (admission to high school), management of admitted students, placement management, management of admission to a school of higher grade, <b>registration management</b>
*Student health	Basic data management, <b>student health and health statistics</b> , school environment management, student health records management

- \* indicates core controversy areas of the NEIS and the bolded items were already dealt in the C/S.
- Reference: Ministry of Education & Human Resources Development (2005), Chang (2004, p. 169).

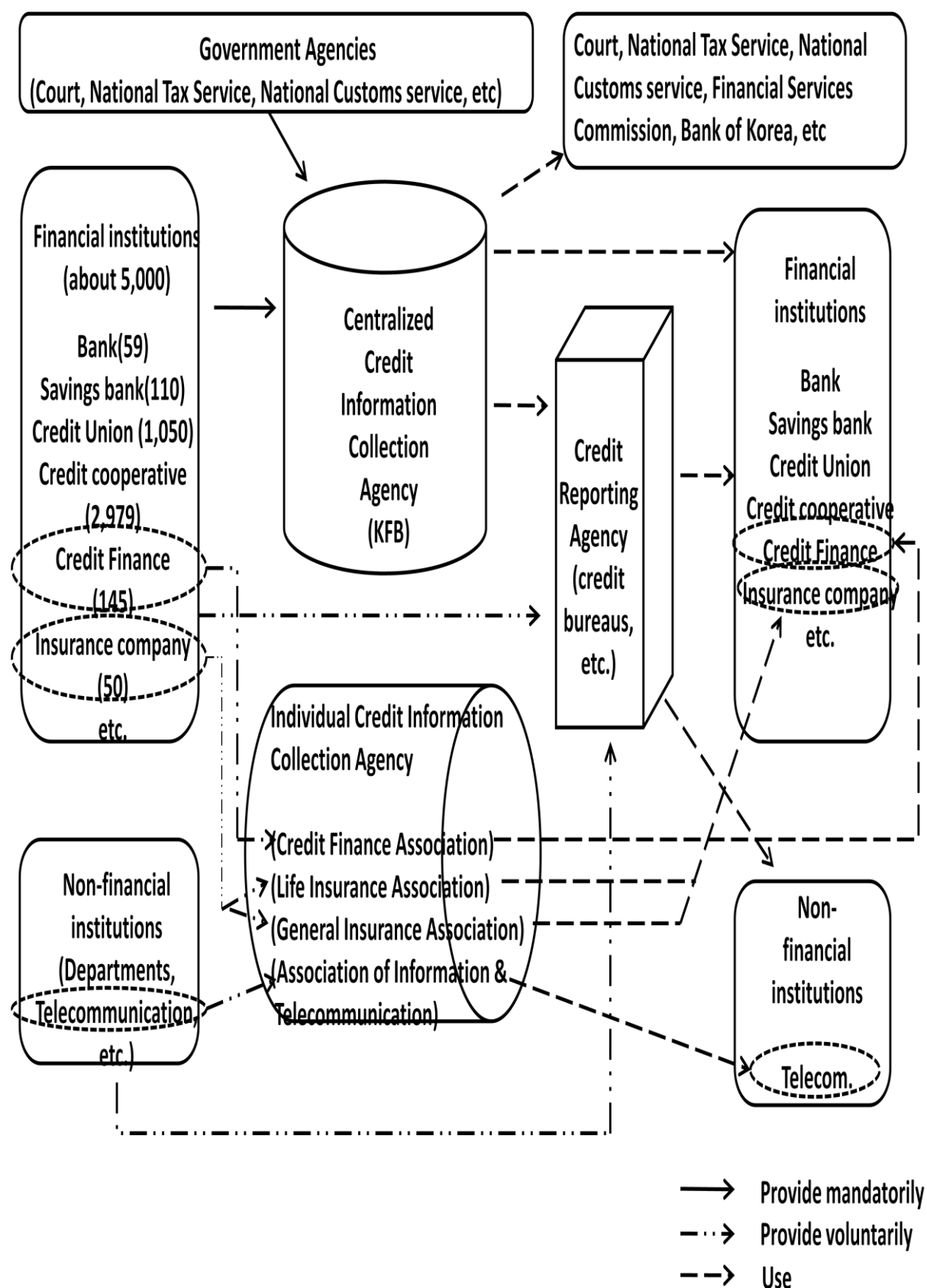
### Appendix 5-3 The chronology of the debate over the NEIS

Period	Details
January 2000	Announcing New Year Policy Address
October 2000 - March 2001	Conducting task analyses (research Projects for Business Process Re-engineering and Information Strategy Planning)
May 2001	Selected as one of 11 major government initiatives by the Special Committee for E-government
July	Establishing the Plan for a Nationwide Educational Administration Information System for the Promotion of E-government
24 November	Instituting the basic plan for National Education Information System
March 2002 -	Conducting system design
June 2002	Conducting S/W development H/W & Infrastructure Building
- September 2002	
16 July 2002	Establishing the Action Plan for the Promotion of E-government
August 2002 -	Starting user Training
20 & 27 August 2002	Starting a talk between the KTU and the MOE
September 2002	Announcing the KTU's manifesto for implementation after revision
September 2002	Implementing a Pilot test at the 267 schools
-February 2003	
12 September 2002	The MOE, announcing to postpone 3 categories
4 November	Launching system with the exception of 3 categories
3 March 2003	Opening the system for 3 categories The KTU, launching a sit-in protest
6 March	New Minister of the MOU inauguration
8 March	Establishing the EIC
27 March	The KTU, leave of absence
4 April	An elementary school principal's suicide
8 April	The NHRC, holding public hearing
5 May	The KFTA, launching anti-KTU rally
12 May	The NHRC, making Policy recommendation
18 May	The KTU, staging a hunger strike
26 May	Starting negotiation between the MOE and the KTU
1 June	The MOE, announcing the implementation of the NEIS in full depending on each school choice

2 June	The KTU, filing a criminal complaint against the MOE
12 June	The KFTA, filing a criminal complaint against the KTU
18 June	Prime Minister, deciding the establishment of the EIC under the Prime Minister
	The KTU, announcing no participation in the EIC and staging a hunger strike
20 June	The KTU, launching a nationwide rally
	Civil society organizations, visiting the MOE
23 June	Civil society organizations , holding a press conference “Special week of Big Brother”
25 & 27 June	Civil society organizations, holding a press conference relating to the EIC
7 July 2003	The EIC, holding the first meeting
8 July	Civil society organizations, forming the JSCNEIS
17 July	Police, arresting the KTU’s chairman
8 September	The KTU, participating in the 3 <sup>rd</sup> meeting of the EIC
September	The JSCNEIS, organizing a candlelight vigil protest
17 September	The EIC, holding a public debate
10 October	The MOE, announcing the use of the NEIS for applicants to universities and the manufacture of CD-ROMs storing personal profile and academic records
20 October	Universities, deciding to accept both the NEIS and C/S based applicants
24 October	The KTU, filing provisional disposition petition for the ceasing of production and distribution of CD-ROMs
October-November	The KTU, refusing to adopt the NEIS
12 November	Universities, requiring CD-ROMs storing personal profile and academic records
28 November	The Court, approving the petition for the ceasing production and distribution of CD-ROMs
2 December	The EIC, holding the 6 <sup>th</sup> meeting
5 December	The EIC, adopting the final plan at the 7 <sup>th</sup> meeting
17 December	Resignation of the Minister of Education
30 December	The EIC, failing to reach the final agreement at the 8 <sup>th</sup> meeting
February 2004	The EIC, dismantling and suggesting an intermediary alternative
23 September	Reaching the final agreement between the MOE and the KTU



**Appendix 6-1** Credit information sharing system in Korea



**Appendix 6-2** Brief history of the credit information sharing system in Korea

Nov. 1955	The Agreement on Liquidation of Loans Arrears was made.
Jan. 1973	The Agreement on Credit Delinquency Information Sharing between Financial Institutions was signed.
Jul. 1974	The Office of Bank Supervision in the Bank of Korea started to operate the Corporate Loans Information Collection and Management System.
Feb. 1977	The Agreement on Business Credit Information Collection and Management was made.
Apr. 1977	The Agreement on Individual Credit Information Collection and Management was signed.
Mar. 1982	The KFB absorbed the function of credit information management business from the Bank of Korea
Nov. 1987	The KFB established the credit delinquency information sharing system including non-banking institutions as well as banks.
Feb. 1992	The Ministry of Finance announced the Guideline for Exchange and Use of Credit Information. The System for individuals' credit information and that for Corporate' credit information were combined under the KFB.
Jan. 1995	The Act of Use and Protection of Credit Information was enacted and the KFB was designated as 'the Centralized Credit Information Collection Agency.'
Jan. 1997	The KFB launched on-line based CISS for banks
Feb. 1998	The KFB launched comprehensive on-line based CISS including both banks and non-bank financial institutions
Apr. 1998	The Credit Information Services Management Regulation was enacted and was enforced by the Financial Services Commission.
Jan. 2000	The first credit amnesty was granted.
Dec. 2000	The KFB unified agreements into one agreement on credit information management.
Apr. 2001	The second credit amnesty was granted.
Feb. 2002	A credit bureau was established.
Mar. 2005	The registration system of bad credit holders was abolished.

\*Source: Extended from Seoh (1996, pp. 26-28).

**Appendix 6-3** The scope of credit information collected and shared through the CCA**1. Individuals**

<b>Category</b>	<b>Contents</b>
1. Identifiable information	Name, Address, Resident registration number, Foreigner registration number
2. Information on Credit transactions	<ul style="list-style-type: none"> <li>▪ Details of loans including the date of extension, the loan amount, whether secured cash advance of credit card, etc.</li> <li>▪ Details of guarantees including the date of guarantee, the guarantee amount, etc.</li> <li>▪ Status of opening and closing of current accounts and household current accounts.</li> <li>▪ Status of credit cards including issuance, cancellation, and settlement amount (the settlement amount of credit cards shall be registered only if a credit card company holding the relevant credit information gives its content).</li> </ul>
3. Information on determination of credit rating	<ul style="list-style-type: none"> <li>▪ Status of delinquency of loans, etc.</li> <li>▪ Details of subrogation and substitute payment.</li> <li>▪ Status of default in payment of non-guaranteed bonds</li> <li>▪ Status of suspension of transactions in bills of checks or transactions in dishonoured bills or checks.</li> <li>▪ Information on disturbance of financial order</li> </ul>

**2. Enterprises and Corporations**

<b>Category</b>	<b>Contents</b>
1. Identifiable information	Name of a company and a juristic person, Name and Resident registration number of representative, Corporate registration number, Taxpayer identification number, location of head office.
2. Information on Credit transactions	<ul style="list-style-type: none"> <li>▪ Status of credit extension including security, revolving transaction, credit extension period, etc.</li> <li>▪ Status of opening and closing of household current accounts or checking accounts</li> <li>▪ Status of credit cards including issuance or cancellation,</li> </ul>

	settlement amount, delinquency, etc.(the settlement amount of credit cards shall be registered only if a credit card company holding the relevant credit information gives its consent).
3. Information on determination of credit rating	<ul style="list-style-type: none"> <li>▪ Status of delinquency of loans, etc.</li> <li>▪ Details of subrogation and substitute payment.</li> <li>▪ Status of default in payment of non-guaranteed bonds</li> <li>▪ Status of suspension of transactions in bills of checks or transactions in dishonoured bills or checks.</li> <li>▪ Information on disturbance of financial order</li> </ul>
4. Information on Credit Capacity	<ul style="list-style-type: none"> <li>▪ Information on final plan in capital increase and bond issuance</li> <li>▪ General condition of company, content of business, financial matters, auditor's opinion, tax payment records, etc.</li> </ul>

### 3. Public information

- Violation of economic Acts and subordinate statutes.
- Information on employment insurance, industrial accident compensation insurance, national health insurance and national pension insurance, that on the payment of premiums, business registration numbers of insured entrepreneurs (limited to the insured having not less than five (5) employees), and the number of such employees.
- Information on the use of electricity that on power consumption and on the full payment of electric charges.
- Actual delivery of goods to the Government and the amount of such delivery.
- Information on the dead and that on changes in resident registration numbers or names.
- Information on reports on emigration and abandonment
- Information on court judgement and decision, including a decision on rehabilitation on, those on bankruptcy or exemption, rectification of registration of defaulters of indebtedness, etc.
- Information on delinquency in payment of national taxes, local taxes, or customs duties
- Information on delinquency in payment of fines for negligence, social insurance premiums, public utility charges, etc.
- Information on credit recovery support which is finally determined in accordance with a credit recovery support agreement of the Credit Counselling and Recovery Service
- Information on the adjustment of indebtedness which is finally determined in accordance with the Credit Recovery Support Regulations of the Korea Asset Management Corporation

**Appendix 6-4** The main contents about the Credit Information Act (1995)

	Contents and Features
Definitions	<ul style="list-style-type: none"> <li>▪ Credit information, credit information business, credit information provider and user, CCA, bad credit holder (<i>Shinyong bulrang ja</i>), etc.</li> <li>▪ Plan for promotion of credit information business</li> </ul>
Credit information business	<ul style="list-style-type: none"> <li>▪ License, capital requirement, personnel and material facilities, requirements for major investors, activities, etc.</li> </ul>
Collection, investigation and processing of credit information	<ul style="list-style-type: none"> <li>▪ Collection and investigation limitation principle</li> <li>▪ Requests for inspection and provision of credit information held by public institutions</li> <li>▪ Restrictions on collection and investigation of information concerning individual political ideas, religious beliefs, uncertain personal credit information, etc.</li> </ul>
Distribution, use and management of credit information	<ul style="list-style-type: none"> <li>▪ CCA</li> <li>▪ Data quality principle</li> </ul>
Protection of credit information	<ul style="list-style-type: none"> <li>▪ Consent regarding provision and use of personal credit information</li> <li>▪ Use limitation principle</li> <li>▪ Right of inspection and correction of credit information</li> <li>▪ Prohibition of disclosure outside business purpose</li> <li>▪ Liability for compensation</li> </ul>

## Appendix 6-5 Standards for registration and use of credit information through the CCA (1995)

### 1. Information on Credit Transactions

#### (1) Individuals

Information to be Registered	Registration Institutions	Standards for Registration
Details of loans (including the date of extension, the loan amount).	Banks (including agricultural cooperatives and fisheries cooperatives), saving banks, specialized credit financial business companies, insurance companies.	Individuals with a loan of more than 30 million Korean won from one financial institution.
Status of opening and closing of household current accounts	Banks (including agricultural cooperatives and fisheries cooperatives)	Individual concerned
Status if credit cards (including issuance and cancellation)	Banks (including agricultural cooperatives and fisheries cooperatives) and specialized credit financial business companies.	Individual concerned

#### (2) Enterprises and Corporations

Information to be Registered	Registration Institutions	Standards for Registration
Status of credit extension (including security, guarantee and facilities rental)	<ul style="list-style-type: none"> <li>▪ Banks (including agricultural cooperatives and fisheries cooperatives), merchant banking corporations, savings banks, insurance companies, leasing companies, etc.</li> <li>▪ Enterprises with credit extension of more than 20 billion Korean won or loans of more than 10 billion Korean won</li> <li>▪ Enterprises with more than 0.5 billion Korean won from one financial institution</li> <li>▪ Enterprises in affiliated business group</li> </ul>	

	designated by the office of Bank supervision	
Details of mutual guarantees between affiliated business group	<ul style="list-style-type: none"> <li>▪ Banks (including agricultural cooperatives and fisheries cooperatives), merchant banking corporations, savings banks, insurance companies, leasing companies, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enterprises in affiliated business group designated by the office of Bank supervision</li> </ul>
Status of opening and closing of household current accounts of checking accounts	<ul style="list-style-type: none"> <li>▪ Banks (including agricultural cooperatives and fisheries cooperatives).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private enterprises, corporations, and persons concerned therein.</li> </ul>
Status of credit cards (including issuance and cancellation)	<ul style="list-style-type: none"> <li>▪ Banks (including agricultural cooperatives and fisheries cooperatives) and specialized credit financial business companies.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private enterprises, corporations, and persons concerned therein.</li> </ul>

## 2. Information on delinquency

Information to be Registered		Registration Institutions	Standards for Registration
Status of delinquency of loans, credit card payments, substitute payment, etc.	Slightly risky borrowers	Financial institutions (banks, saving banks, credit card companies, insurance companies, etc)	<p>Borrowers that had loans of less than 15 million Korean won in arrears for more than 6 months.</p> <p>Those with credit card payments of more than 50 thousand to 5 million Korean won in arrears for more than 6 months.</p> <p>Persons categorized by the CCA.</p>
	Risky borrowers (Yellow)	Same as the above	<p>Borrowers that had loans of more than 15 million Korean won that were more than 3 months overdue.</p> <p>Persons with credit card payments of more than 5 million Korean won in arrears for more than 3 months.</p> <p>Persons categorized by the CCA.</p>

	Highly risky borrowers (Red)	Same as the above	<p>Borrowers with loans of more than 15 million Korean won that were more than 6 months overdue.</p> <p>Persons with credit card payments of more than 5 million Korean won that were more than 6 months overdue.</p> <p>Persons that dishonoured promissory notes or checks</p> <p>Persons categorized by the CCA</p>
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**Appendix 6-6** The chronology of the controversy over credit information system

Period	Details
9 March 1993	Kim Young-sam, addressing presidential special message “new leap toward a new economy”
22 May	The Ministry of Finance, declaring the improvement of the CISS in the financial sector plan of a five-year programme for New Economy
23 July	The Ministry of Finance, announcing the enactment of the Credit Information Management Act
20 November	The Presidential Commission on Administrative Reform, recommending the enactment of the Credit Information Act
September 1994	A series of murders with information from a department store
5 November	Submitting a draft of Credit Information Act to the National Assembly
16 December	The National Assembly, passing the Credit Information Act
5 January 1995	Promulgating the Credit Information Act
28 February	<i>Ducksan</i> conglomerate, filing bankruptcy
18 March	A Deputy Prime Minister, declaring a plan of the establishment of the CISS including banks and non-bank financial institutions
22 March	The MOFE, publicising a draft of the Enforcement Decree of the Credit Information Act
6 July	Enforcing the Credit Information Act The MOFE, deciding the collection of loans amount of more than 30 million KRW each individual and more than 0.5 million KRW each company
15 January 1996	Announcing a policy focus on the efficient use of credit information in Economic Policy Directions in 1996
1 May	A CEO of the First Bank, arrested for a ‘bad loans scandal’
10 May	Deputy Prime Minister, declaring the establishment of a comprehensive on-line based CISS
12 May	The MOFE, publicising a plan for the amendment of the Enforcement Decree including the establishment of a CIC in the CCA
20 May	A public hearing on strategies for enhancing the competitiveness of financial industries, such as expanding the scope of credit information in the CCA The MOFE, announcing deregulations of financial sector including the
24 July	establishment of personal credit information collection agencies.

15 January 1997	The KFB, launching on-line based CISS for banks
23 January	<i>Hanbo Steel</i> , filing bankruptcy
28 January	The PCFR, declaring objectives of sub commissions including the convenient use of financial information
4 March	The PCFR, suggesting the establishment of comprehensive CISS including banks and non-bank financial institutions
14 April	The PCFR, publicising interim report including the enhancement of distribution of credit information
7 May	The MOFE, announcing a draft of the amendment of the Credit Information Act to enhance the distribution of credit information
22 June	The MOFE, publicising an action plan for financial reform including the expansion of the scope of credit information in the CCA
29 July	The MOFE, announcing a strengthening plan for the CISS
30 July	The National Assembly, passing the amendment of the Credit Information Act
26 October	The MOFE, issuing public notices about the amendment of the Enforcement Decree and the Enforcement rule of the Credit Information Act including the collection of loans amount without borrowers' consent
30 December	The MOFE, revising the Credit Information Services Management Guideline to expand the scope of credit information in the CCA
5 February 1998	The KFB, launching comprehensive on-line based CISS including banks and non-bank financial institutions
13 February	The Presidential transition committee, announcing new government's 100 tasks including the improvement of credit information distribution system
21 May	Informatization strategy meeting, reporting to the president informatization promotion policies including the expansion of credit information network
7 June	The ruling party (the National Congress for New Politics), designed the improvement measure about promissory note
30 June	The State Council, amending the Enforcement Decree to allow foreign financial institutions to operate credit information business
14 January 1999	Banks, requiring borrowers to submit the state of liabilities if 10 million KRW or more loans is applied
4 February	The MOFE, issuing public notices about the amendment of the Enforcement Decree and the Enforcement rule of the Credit Information Act including the expansion of the scope of credit information into the CCA

11 February	The PSPD, filing an injunction to halt the sanctions against a bad credit holder
22 February	The FSC, declaring the policy objectives for 1999 including the establishment of on-line based CISS for non-bank financial institutions
25 February	The FSC, announcing the plan to scrap personal loan guarantee system
24 May	YMCA, criticizing credit card terms for the use of credit information for commercial purposes and reporting to the Fair Trading Commission
23 June	The KFB, holding a public hearing on personal loan guarantee system
14 October	The MOFE, issuing public notices about the amendment of Credit Information Act including the request for inspection of credit information via the Internet The ruling party, planning credit amnesty
10 November	President statement, announcing presidential pardon including easing or
30 December	lifting economic and administrative sanction
16 January 2000	The KFB, deleting records of slightly risky borrowers who were registered between November 1997 and December 1999 and paid off arrears
17 January	The KFB, announcing the plan to revise the criteria of a bad credit holder and to shorten a grace period
25 February	The MOFE, issuing public notices about the amendment of the Enforcement Decree and the Enforcement rule of the Credit Information Act including the collection of guarantee amount into the CCA
23 June	The FSC, amending the Regulation on Credit Information Business to put in a clause for the unification of specific agreements of each financial sector
1 September	The Financial Supervisory Service (hereafter FSS), staging a workshop with
21 November	credit information companies
10 December	The KFB, holding a seminar regarding consumer credit information The KFB, unifying agreements into a unitary agreement on credit information management
8 March 2001	The FSS, publicizing the measure to promote credit-information-based lending
4 April	The FSC, holding a public hearing on credit rating and credit information system
20 April	The government, holding a policy coordination meeting with the ruling party and announcing the support measures for low-income households including the 2 <sup>nd</sup> Credit Amnesty
10 July	The KFB, holding a seminar about consumer's credit information

	management system
13 July	The FSC, amending regulation on supervision of credit information business including pre-notification and the expansion of the scope of credit information into the CCA
10 August	YWCA, seeking compensation for damages from credit card companies accused of credit information leakage
27 August	Congressmen, submitting the amendment of the Credit Information Act to require a written consent for providing credit information to other companies
5 October	The government, holding a policy coordination meeting with the ruling party and announcing the 2 <sup>nd</sup> financial regulation reform
16 October	Civil society organizations, announcing the plan to urge the enactment of Privacy Act
22 October	Congressmen, submitting the amendment of the Credit Information Act to notify people in advance to be registered as a bad credit holder
15 November	Consumers Union of Korea, holding a seminar about the counter-measures against the increase in bad credit holders
4 December	The PSPD, making a petition to the National Assembly to specify the criteria of a bad credit holder in the Credit Information Act
11 December	The KFB, amending the agreements to expand the scope of collection of individual loans amount from 10 million KRW to 1 KRW (effective from 1 July 2002)
14 December	The National Assembly, passing the amendment of the Credit Information Act including a written consent for providing credit information to other companies and pre-notification of registration of a bad credit holder
27 December	A meeting of economy-related Ministers, announcing the measures for supporting the wealth formation of middle class and the stable livelihood of low-income households
8 January 2002	The Korea Consumer Protection Board, announcing complaints cases about credit information
8 January	The Democratic Labour Party, insisting the amendment of the Credit Information Act
15 January	The Citizens' Coalition for Economic Justice, criticizing credit cards companies for the increase in bad credit holders
20 February	A financial policy consultation meeting, deciding the introduction of

	consumers' rescue program, the enhancement of distribution of positive credit information and the promotion of establishing credit bureaux
21 February	The PSPD, insisting the enactment of a law to restrict excessive interest rate.
28 February	The Korea Information Service, establishing the first CB in Korea
25 March	A financial policy consultation meeting, announcing the measures to curb the increasing household debts including the exclusion of borrowers with small loans in arrears from black lists
27 March	The PSPD, filing a criminal complaint against Samsung insurance company for the illegal distribution of customer's information
8 April	The MOFE, issuing public notices about the amendment of the Enforcement Decree and the Enforcement rule of the Credit Information Act including pre-notification
11 April	The PSPD, filling a criminal against an insurance company for an illegal distribution of customer's information
23 April	The CIC, lowering the criteria for the registration of a bad credit holder
22 May	A financial policy consultation meeting, rescheduling the beginning period for sharing information on individual loan amounts
28 May	The Fair Trading Commission, ordering credit cards companies to modifying the contractual terms regarding the provision of credit information to business partner companies
28 June	The FSS, amending the Regulation on Supervision of Credit Information Business to formulate a legal framework for financial institution's credit recovery procedures for bad credit holders and collect information on cash advance of credit card into the CCA
18 July	The PSPD, requesting the enactment of a law to support credit recovery of individuals
31 July	The KFB, holding a public hearing on credit recovery programs for individuals
2 August	The MOFE, amending the Enactment Decree of the Financial Holding Companies Act to allow financial holding company's subsidiaries to provide personal credit information to each other
8 October	The KFB, announcing a plan to collect information on short-term delinquency of loans
7 January 2003	The Presidential Transition Committee, announcing the direction of abolishing the registration of bad credit holders

23 January	Citizens Action Network, insisting the introduction of a supervision system for personal information protection
21 February	The FSC, suggesting the collection of information on wealth, income loan payment history and so on into the CCA
31 March	The MOFE, announcing the plan to amend the Credit Information Act to establish a legal basis for credit bureaux
16 April	Korea Progressive ( <i>Jinbo</i> ) Network, filing a criminal complaint against the Ministry of Information and Communication, Association of Information & Telecommunication and Korea Information Service
24 April	The MOFE, announcing the plan to amend the Credit Information Act to allow credit bureaux to share individuals' information held by public administrative entities and to introduce the right to revoke consent to provide and use personal credit information
13 June	A congressman, declaring an amendment of an agreement to alleviate the criteria of bad credit holders
25 August	The government, announcing a comprehensive plan for bad credit holders including the abolition of the management system of bad credit holders in the long run
1 October	Congressmen, submitting an amendment of the Credit Information Act to allow individuals' consent to be obtained by electronic documents
14 October	Congressmen, proposing an amendment of the Credit Information Act to force public administrative entities to provide personal information to credit information business if possible
15 October	Congressmen, submitting an amendment of the Credit Information Act to enforce financial institutions to notify individuals what information is provided and to whom it is provided
27 October	An individual, filing a petition for constitutional complaint about the management system of bad credit holders
13 November	A chairman of the FSC, declaring that the FSC will develop the plan for the promotion of CB's function and the improvement of individual credit evaluation system in financial institutions
16 November	LG credit card, facing liquidity problem
24 November	A Seoul district court, adjudicating an insurance company to be guilty of using personal credit information without an individual's consent

15 December	The government, holding a conference about a plan for the enhancement of individual credit risk rating capability
12 January 2004	The MOFE, declaring a plan to collect information on deposits to promote the role of CBs
25 January	An opposition party, announcing a plan to submit an amendment of the Credit Information Act to delete the term, 'bad credit holder ( <i>shin yong bulrang ja</i> )' from the Act and submitting it on the 28 <sup>th</sup> of January
1 March	The KDI and the KIF, recommending the abolition of the management of bad credit holders and the expansion of the scope of credit information collected
9 March	The ruling Uri Party chairman, declaring the change of the management of bad credit holders into the differential management of credit rating
10 March	The MOFE, announcing 'bad credit holders: current status and counter measures' to support bad credit holders credit recovery
11 March	A deputy prime minister and Minister of Finance and Economy, declaring the promotion of CBs
12 March	The National Assembly, voting to impeach President Rho and suspending Roh's executive power
16 March	The MOFE, formulating more detailed plan to encourage CBs to provide no information about bad credit holders for the purpose of the examinations of job applications
13 April	The KFB, agreeing the abolition of the management of bad credit holders and announcing the plan to collect positive credit information
14 April	The MOFE, announcing an amendment of the Enforcement Decree of the Credit Information Act to notify a customer of the details about the provision of credit information
21 April	The Credit Finance Association, announcing the expansion of the scope of information shared between credit card companies
26 April	The opposition party, announcing that it will put the highest priority in passing the Credit Information Act including the abolition of the management of bad credit holders
12 May	The PSPD, holding a conference about the solution of bad credit holders' problem
6 July	The MOFE, publicizing the Enforcement Rule of the Credit Information Act to charge a fine of one million KRW for negligence in notification of provision of

	credit information
25 July	A deputy prime minister and Minister of Finance and Economy, announcing the Plan to abolish the management of bad credit holders within the year
9 August	Congressmen, submitting an amendment of the Credit Information Act to ban the provision of the credit information for the purpose of the examination of job applications
15 August	The MOFE, publicizing a plan to reform the management of bad credit holders
29 September	8 financial institutions, deciding the establishment of a new CB
1 November	The ruling party and the government, discussing the abolition of the management of bad credit holders within the year
3 November	Congressmen, submitting an amendment of the Credit Information Act to abolish the management of bad credit holders
10 November	The PSPD, appealing the National Assembly to abolish the blacklisting system and to ban sharing credit rating such as good credit rating or bad credit rating
7 December	The Finance and Economy Committee, passing the amendment of the Credit Information Act
29 December	The plenary session, passing the amendment
4 March 2005	Congressmen, submitting an amendment of the Credit Information Act including a legal basis of the Credit Information Counselling and Recovery Service
28 March	The KFB, increasing the criteria of delinquency of loans shared from 0.3 million KRW to 0.5 million KRW
29 August	Congressmen, submitting an amendment of the Credit Information Act including a right to revoke consent to provide and use personal credit information
30 August	The Regulatory Reform Promotion Committee, planning an amendment of the Credit Information Act including the allowance of financial institutions to transfer information to other financial institution
13 September	Congressmen, submitting an amendment of the Credit Information Act including provision credit information to a prosecutor or judicial police officer in the event of occurrence of an emergency
23 October	The FSC, publicizing the plan to revise the regulation to extend the retention period of delinquency information from one year to five years



10 November	The FSS, announcing the introduction of the best practice in the management and protection of personal credit information
24 January 2006	The KFB, announcing the plan to expand the scope of credit information provided to financial institutions
19 March	The MOFE, issuing public notices about the amendment of the Enforcement Decree of the Credit Information Act including a right to free perusal
19 June	A Deputy Prime Minister and Minister of Finance and Economy, announcing the plan to allow financial institutions to use information held by public institutions
15 November	Congressmen, submitting an amendment of the Credit Information Act to force financial institutions to delete personal credit information clearly within 5 years after a financial or commercial transaction
31 May 2007	The MOFE, issuing public notices about the amendment of the Credit Information Act to force financial institutions to obtain individuals' consent when they intend to be provided credit rating by CBs
19 July	Congressmen, submitting an amendment of the Credit Information Act to allow individuals' consent to be obtained through wire or wireless communications
5 December	Congressmen, submitting an amendment of the Credit Information Act to restrict the use of information on illness to the purpose of an insurance contract or insurance payment

**Appendix 6-7** Credit information-related policies in 1995

USE	Credit Information Business		
	CCA	Registration Institutions	<ul style="list-style-type: none"> <li>▪ Credit card companies participated in the CCA (8 Feb. 1995)</li> <li>▪ Banks + non-bank financial institutions (A Deputy Prime Minister, 18 Mar. 1995)</li> <li>▪ Banks + Saving banks + insurance + credit cards (Guideline, 6 Jul. 1995)</li> </ul>
		The Scope of credit information	<ul style="list-style-type: none"> <li>▪ Newly collect an individual's loan amounts of more than 30 million Korean won per financial institution with a personal consent (6 Jul. 1995)</li> </ul>
		Registration Process	
		Credit information retention period	<ul style="list-style-type: none"> <li>▪ Delete records immediately when an individual pays loans of less than 5 million KRW or credit card payment of less than 0.5 million KRW in arrears (Agreements, 27 Dec. 1995)</li> <li>▪ Exclude an individual from "black lists" if 'slightly risky borrowers' or 'risky borrowers' pay loans or credit card payments in arrears within 15 days after overdue (Agreements, 27 Dec. 1995)</li> </ul>
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		<ul style="list-style-type: none"> <li>▪ Notify the relevant individual 15 days prior to the registration when the individual would be registered as a bad credit holder (Agreements, 27 Dec. 1995)</li> </ul>
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-8** Credit information-related policies in 1996

USE	Credit Information Business		<ul style="list-style-type: none"> <li>Give licence of credit information business to non-financial companies (6 Jan. 1996 → Amendment of the Act, 28 Aug. 1997)</li> </ul>
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Collect information on delinquency in payment of taxes, fines and public utility charges (6 Jan. 1996 → the National Collection Act, 30 Dec. 1996)</li> <li>Collect information on loans without consents (13 May 1996 → Amendment of Enforcement Decree, 27 Dec. 1997)</li> <li>Lower the criteria of information on corporate loans collected from 0.5 billion KRW to 0.1 billion KRW (the KFB , 4 May 1996 → Guideline, 9 May 1997)</li> </ul>
		Registration Process	<ul style="list-style-type: none"> <li>On-line based CISS (A Deputy Prime Minister, 4 May 1996 → 15 Jan. 1997)</li> </ul>
		Credit information retention period	<ul style="list-style-type: none"> <li>Extend the period from 15 days to 30 days when records are deleted immediately if 'slightly risky borrowers' or 'risky borrowers' pay off arrears after overdue (Agreements, 30 Oct. 1996)</li> </ul>
	Other CISSs		<ul style="list-style-type: none"> <li>Allow for the establishment of individual CISSs (25 Jul. 1996 → Amendment of the Act, 28 Aug. 1997)</li> </ul>
	Others		<ul style="list-style-type: none"> <li>Establishment of the CIC comprised of financial institutions in the CCA (12 May 1996 → Amendment of the Act, 28 Aug. 1997)</li> </ul>
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-9** Credit information-related policies in 1997

USE	Credit Information Business		<ul style="list-style-type: none"> <li>▪ Permit a licence to non-financial companies (the PCFR, 14 Apr. 1997)</li> <li>▪ Permit a licence to a juristic person in which fifty percents or more of the capital are invested by financial institutions (Amendment of the Act, 28 Aug. 1997)</li> </ul>
	CCA	Registration Institutions	▪ Include instalment finance companies (5 Jun. 1997 → Amendment of the Enforcement Decree and Guideline, 27 Dec. 1997)
		The Scope of credit information	▪ Lower the criteria of information on individual's loans from 30 million KRW to 20 million KRW (The MOFE, 26 Mar. 1997 → Guideline, 30 Dec. 1997)
		Registration Process	<ul style="list-style-type: none"> <li>▪ Launch on-line based CISS including only banks (15 Jan. 1997)</li> <li>▪ On-line based CISS, including non- banking financial institutions (15 Jan. 1997 → 6 Feb. 1998)</li> </ul>
		Credit information retention period	
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		
	Request for correction		
	Use limitation principle		<ul style="list-style-type: none"> <li>▪ Not to be considered to be the acts of disclosing or using credit information for purposes other than business purposes if credit information providers or users provide credit information providers or users or credit dealers in accordance with contracts (7 May 1997 → Amendment of the Act, 28 Aug. 1997)</li> </ul>
	Liability for damages and others		

**Appendix 6-10** Credit information-related policies in 1998

USE	Credit Information Business		<ul style="list-style-type: none"> <li>Allow foreign financial institutions to operate credit information business (Enforcement Decree, 9 Jul. 1998)</li> <li>Lower capital requirement from 10 billion KRW to 5 billion KRW (26 Nov. 1998 → Amendment of the Act, 29 Jan. 1999)</li> </ul>
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Lower the criteria of information on individual's loans from 30 million KRW to 20 million KRW (Agreements, 14 Jan. 1998 → Implement, 1 Mar. 1998)</li> </ul>
		Registration Process	<ul style="list-style-type: none"> <li></li> </ul>
		Credit information retention period	<ul style="list-style-type: none"> <li>Extend the period from 30 days to 60 days when records are deleted immediately if 'slightly risky borrowers' or 'risky borrowers' pay off arrears after overdue (Agreements, 8 Jun. 1998)</li> </ul>
	Other CISSs		<ul style="list-style-type: none"> <li>Credit cards companies aim to establish the CISS starting from September 1998.</li> </ul>
	Others		<ul style="list-style-type: none"> <li>Require borrowers to submit the state of liabilities if 10 million KRW or more loan is applied (12 Dec. 1998)</li> </ul>
Pro- tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-11** Credit information-related policies in 1999

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Lower the criteria of information on individual's loans from 20 million KRW to 10 million KRW and corporate loans from 0.5 billion KRW to 0.3 billion KRW starting from July (The KFB, 20 Jan. 1999)</li> <li>Include credit extension in the collection of the CCA (Enforcement Decree, 4 Feb. 1999)</li> </ul>
		Registration Process	
		Credit information retention period	<ul style="list-style-type: none"> <li>Credit amnesty (The ruling party, 10 Nov. 1999 → Presidential Pardon, 30 Dec. 1999 → The KFB, 16 Jan. 2000)</li> </ul>
	Other CISSs		
	Others		<ul style="list-style-type: none"> <li>Lower the criteria of borrowers submitting the state of liabilities from 10 million KRW to 5 million starting from July (Feb. 1999)</li> </ul>
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		
	Request for correction		<ul style="list-style-type: none"> <li>Allow people to request financial institutions to provide them with their credit information via the Internet (14 Oct. 1999 → 21 Jan. 2000)</li> </ul>
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-12** Credit information-related policies in 2000

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Strengthen the criteria of delinquency from 3 months to 2 months (The KFB, 17 Jan. 2000)</li> <li>Revise and unify agreements to tighten the criteria of bad credit holders (The KFB, 22 Mar. 2000 → Agreement, 10 Dec. 2000 → 1 Apr. 2001)</li> <li>Attempt to include credit card transaction (28 Jan. 2000)</li> <li>Collect guarantee amount (Enforcement Decree, 25 Feb. 2000 → Regulation, 23 Jun. 2000 → 2 Apr. 2001)</li> <li>Lower the criteria of corporate loans from 0.5 billion KRW to 0.1 billion KRW starting from July (17 Apr. 2000)</li> </ul>
		Registration Process	
		Credit information retention period	
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-13** Credit information-related policies in 2001

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>▪ Easing the criteria of a bad credit holder (20 Apr.2001)</li> <li>▪ Lower the criteria of information on corporate loans from 0.1 billion KRW to 1 KRW (23 May 2001)</li> <li>▪ Lower the criteria of information on individual's loans from 10 million KRW to 1 KRW (Regulation, 13 Jul. 2001 → Agreements, 11 Dec. 2001)</li> <li>▪ Expand the scope of a corporate information (Regulation, 13 Jul. 2001)</li> </ul>
		Registration Process	
		Credit information retention period	<ul style="list-style-type: none"> <li>▪ Delete records immediately when an individual pays loans of less than 10 million KRW or credit card payment of less than 2 million KRW in arrears (20 Apr. 2001 → Agreements, 1 May 2001)</li> <li>▪ Shorten retention period of delinquency records (20 Apr. 2001 → Agreements, 1 May 2001)</li> <li>▪ Credit amnesty (20 Apr. 2001 → The KFB, 1 May 2001)</li> </ul>
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		<ul style="list-style-type: none"> <li>▪ Require a written consent for providing credit information to other companies (27 Aug. 2001 → Amendment of the Act, 31 Dec. 2001)</li> </ul>
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		<ul style="list-style-type: none"> <li>▪ Notify the relevant individual from 45 days to 15 days prior to the registration of a bad credit holder (Regulation, 13 Jul. 2001)</li> <li>▪ Pre-notify the registration of a bad credit holder (22 Oct. 2001 → Amendment of the Act, 31 Dec. 2001)</li> </ul>
	Request for correction		
	Use limitation principle		
	Liability for damages and others		



**Appendix 6-14** Credit information-related policies in 2002

USE	Credit Information Business		<ul style="list-style-type: none"> <li>Establishing credit bureaux (28 Feb. 2002, Sep. 2002)</li> </ul>
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Improve the criteria of a bad credit holder (20 Feb. 2002 → Agreements, 10 June 2002)</li> <li>Delay the beginning period for sharing information on individual loan amounts (22 May 2002)</li> <li>Decide to lower the criteria of information on corporate loans to 1 KRW (The CIC, Jun. 2002)</li> <li>Collect information on cash advance of credit card (Regulation, 28 Jun. 2002)</li> </ul>
		Registration Process	
		Credit information retention period	
	Other CISSs		
	Others		<ul style="list-style-type: none"> <li>Exchange between financial institutions information on small loan amounts in arrears (May 2002)</li> <li>Allow financial holding company's subsidiaries to provide personal credit information to each one (Enforcement Decree of the Financial Holding Company Act, 2 Aug. 2002)</li> </ul>
Pro- tection	Consent to provision and use of credit information		<ul style="list-style-type: none"> <li>Consider the right to revoke consent to provide personal credit information (4 Sep. 2002)</li> </ul>
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		<ul style="list-style-type: none"> <li>Pre-notification of the registration of a bad credit holder (Enforcement Decree, 20 May 2002)</li> </ul>
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-15** Credit information-related policies in 2003

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Announce the direction of abolishing the registration of bad credit holders (The Presidential Transition Committee, 7 Jan. 2003 →Amendment of the Act, an opposing party, 28 Jan. 2004 → 3 Nov. 2004 → Amendment of the Act, 29 Dec. 2004)</li> <li>Force Public administrative entities to provide personal information to credit information business if possible (14 Oct. 2003 →Amendment of the Act, 23 Dec. 2003)</li> </ul>
		Registration Process	<ul style="list-style-type: none"> <li>Shorten the period for the registration of information on credit transaction from within 15 days after the transaction to within 10 days and that of information on credit capacity from within 30 days to within 20 days (Agreement, 16 Jun. 2003)</li> </ul>
		Credit information retention period	
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		<ul style="list-style-type: none"> <li>Allow individuals' consent to be obtained by electronic documents (1 Oct. 2003 → Amendment of the Act, 23 Dec. 2003)</li> </ul>
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		<ul style="list-style-type: none"> <li>Enforce financial institutions to notify individuals what information provided and to whom it is provided (15 Dec. 2003 →Amendment of the Act, 23 Dec. 2003)</li> </ul>
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-16** Credit information-related policies in 2004

USE	Credit Information Business		▪ Decide the establishment of a new CB (8 financial institutions, 29 Sep. 2004 →Feb. 2005)
	CCA	Registration Institutions	
		The Scope of credit information	▪ Expand the scope of information shared between credit card companies (21 Apr. 2004)
		Registration Process	
		Credit information retention period	
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		▪ Encourage CBs to provide no information about bad credit holders for the purpose of the examinations of job applications (16 Mar. 2004 →9 Aug. 2004 →Amendment of the Act, 29 Dec. 2004)
	Notification of facts of providing credit information		▪ Notify a customer of the details about the provision of credit information (14 Apr. 2004 → Enforcement Decree, 24 Jul. 2004) ▪ Charge a fine of one million KRW for negligence in notification of provision of credit information (6 Jul. 2004 → Enforcement Rule, 30 Jul.2004)
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-17** Credit information-related policies in 2005

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	▪ Increase the criteria of delinquency of loans shared from 0.3 million KRW to 0.5 million KRW (28 Mar. 2005)
		Registration Process	
		Credit information retention period	▪ Extend the retention period of delinquency information from one year to five years (23 Oct. 2005 → Regulation, 3 Nov. 2005)
	Other CISSs		
	Others		
Pro- tection	Consent to provision and use of credit information		▪ Give a right to revoke consent to provide and use personal credit information (29 Aug. 2005 →abrogated due to the expiration of the term of congressmen)
	Restrictions on provision and use of information		▪ Provide credit information to a prosecutor or judicial police officer in the event of occurrence of an emergency (13 Sep. 2005 →Amendment of the Act, 2 Mar. 2006)
	Notification of facts of providing credit information		
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-18** Credit information-related policies in 2006

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	<ul style="list-style-type: none"> <li>Expand the scope of credit information provided to financial institutions (24 Jan. 2006)</li> </ul>
		Registration Process	
		Credit information retention period	<ul style="list-style-type: none"> <li>Force financial institutions to delete personal credit information clearly within 5 years after a financial or commercial transaction (15 Nov. 2006 → abrogated due to the expiration of the term of congressmen)</li> </ul>
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		
	Restrictions on provision and use of information		
	Notification of facts of providing credit information		
	Request for correction		<ul style="list-style-type: none"> <li>Give a right to free perusal (19 Mar. 2006 → Enforcement Decree, 1 Jul. 2006)</li> </ul>
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-19** Credit information-related policies in 2007

USE	Credit Information Business		
	CCA	Registration Institutions	
		The Scope of credit information	
		Registration Process	
		Credit information retention period	
	Other CISSs		
	Others		
Pro-tection	Consent to provision and use of credit information		<ul style="list-style-type: none"> <li>Force financial institutions to obtain individuals' consent when they intend to be provided credit rating by CBs (31 May 2007 →28 Nov. 2008 →Amendment of the Act, 3 Mar. 2009)</li> <li>Allow individuals' consent to be obtained through wire or wireless communications (19 Jul. 2007 →Amendment of the Act, 23 Nov. 2007)</li> </ul>
	Restrictions on provision and use of information		<ul style="list-style-type: none"> <li>Restrict the use of information on illness to the purpose of an insurance contract or insurance payment (5 Dec. 2007 →abrogated due to the expiration of the term of congressmen)</li> </ul>
	Notification of facts of providing credit information		
	Request for correction		
	Use limitation principle		
	Liability for damages and others		

**Appendix 6-20** The number of submission of amendment by proposer and by policy focus

		Period I (94-97)		Period II (98-02)				Period III (03-07)				
		94	97	98	99	00	01	03	04	05	06	07
Government	use		1	1								
	protection	1										
	others				1	1						
	total	1	1	1	1	1	0	0	0	0	0	0
Congress	use							2		1		1
	protection						2	1	3	2	1	1
	others									5		
	total	0	0	0	0	0	2	3	3	8	1	2
Total		2		5				17				

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