

Market, Departmental Interests and Ideology: Exploring The “Three Nets Fusion” Policy Dilemmas and Feasibility of Institutional Change

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Abstract

This paper, adopting institutional change theory from neo-institutionalism, explores the policy dilemma for three nets fusion, from its first proposed to the “Three Nets Fusion Pilot Program” finally getting settled, from perspectives of market, departmental interest and ideology, and then analyzes the feasibility of its institutional change.

According to this research, influenced by market, departmental interest and ideology etc., there are market changing, departmental interest dialogue and ideological dispute between two huge interest groups represented by the State Administration of Radio, Film, and Television and Ministry of Industry and Information Technology during the “three nets fusion”, a situation causes the current policy dilemma for three nets fusion and also shows the future path of institutional change.

Key Words: Three Nets Fusion Policy Dilemmas Institutional Change

Introduction

At the age of digital and visual communication, all countries gradually start to promote the media integration, trying to speed up the development of traditional media in direction of new media convergence. In China, with the constant development of Internet as well as the integration and promotion of telecommunications industry together with radio-and-television industry, we put the concept of “Three nets fusion”, under guidance of national policy, more and more into practice.

“Three nets fusion” refers to the telecommunication networks, computer

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networks and television networks, the three cables. Through technological innovation, they can provide voice, data, images, including integrated multimedia communications services. This is an important attempt commonly acknowledged by government, relevant practitioners and the public who all expect for the enormous potential economic and social benefits from three nets fusion. However, various hindering factors keep coming out from the proposal of the idea to its implementation, such as the market regimes and cross, the conflicts of different departmental interests, uneven technical standards, vastly different barriers for market entrance and so on. These complex factors staggered within a short time, forcing the implementation draft to be modified for five times. But three nets fusion is still in a difficult dilemma because of the hard reconciliation of different departmental demands.

On the morning of June 6, 2010, national conciliation panel for three nets fusion held a meeting and quickly passed the pilot plan, blowing away the half-year-long confusion and dispute so as to open a new era for the three nets fusion. In the future, will the implementation of this plan go well? Will similar policy dilemmas come out a second time or not? What should we do to fundamentally solve this kind of dilemma? All these questions still need our serious thinking.

From the conflicts between different interest subjects, we cannot only see on-surface contradictions between different market space, technical conditions and the leading business, but also clash of concepts between different departments representing various industries' interest. Digging deeper, it's not hard to find there is clash between ideologies hiding behind, which works as an important factor of the current three nets fusion dilemma, and affect greatly the process of three nets fusion. This also indicates that the process of solving three nets fusion dilemma is a process where different sectors, driven by ideology, converge with each other.

Realizing that studying the relation between communication idea and its mechanism form communication perspective cannot fully explain the ideological conflicts happening in the process of three nets fusion, the present writer adopts institution change theory from new institutionalism as an analysis pattern to probe into current three nets fusion dilemma. Besides, this paper will also, based on the process of three-nets-fusion's proposal and implementation as well as different program brought up by the state Administration of Radio, Film and Television (hereinafter referred to SARFT) and Ministry of Industry and Information Technology (hereinafter referred to as the MIIT), explore the process of ideologies conflicts between different interest subjects and relevant things about three nets fusion, like its historical reason, stimulation mechanism and changing path in order to find a feasible way out for current three nets fusion dilemma.

Market evolution: the early preparation for three nets fusion and situation change of two major interest subjects

More than ten years before the initial implementation of three-nets-fusion idea, relevant departments already noticed it. But in the 1990s and early 21st century, due to the inadequate technical level, the Internet basis and market environment, it remained more as a discussion and cognition. In the process that the network convergence concepts was gradually accepted from its controversial start, SARFT and MIIT prepare their own conditions and construct different interest subjects, thus eventually forming the current competing while cooperating situation during the process of three nets fusion.

In the March of 1998, the Ministry of Posts and Telecommunications and Electronics Industry joined together to generate the Ministry of Information and Industry. At the same time, the Ministry of Radio Film and Television was reconstructed to become currently known SARFT. When implementing the “Notice of Printing Rules of SARFT Internal Structure and Staffing”, one sentence actually was left out—“transfer the functions of planning the radio and TV transmission networks (including wireless and cable networks), sector administration and organizing to enact the technical system and standard for radio and TV networks from original Ministry of Radio Film and Television to the Ministry of Information Industry.”

The government was trying, by partially transferring the broadcast controlling power, to balance the competition between MIIT and SARFT. But the policy lack of a mandatory failed to change the situation that SARFT controls all content production. Similarly, during the interest fight of three nets fusion, whether transferring part of broadcast controlling power has become the focus between MIIT and SARFT.

On September 17, 1999, General Office of the State Council’s [1999] No. 82 document was issued “departments of telecom must not get into the radio and TV business, while the departments of radio and TV must not get into the telecom business. Both sides must obey this rule.” The document also stated: “Radio, Television and its transmission network have become an important part of national informatization.”

So far, a clear and distinct market sharing has been achieved after the strategic preparation and self-construction of radio & TV net and telecom net. This also became the interest pattern before the central government takes the lead of three nets fusion.

Departmental interest: State-led three nets fusion and dialogue between two major interest groups

After the later of 1990s, our country started to put forward the three-nets-

fusion idea with the fast self-construction and development of SARFT and MIIT. In the 15 Plan approved on March 15, 2001, the “three nets fusion” was brought up for the first time and defined as: Promoting the integration of telecom, television and computer.

National guidelines on digital TV industry are mainly focused on the radio and television networks with strong resources. By far, SARFT began to digitally modify, based on Internet transmission channel, its work including the media types, business practices and customer service integration and so on. As a result, a new radio and television digitalization situation combining wire and wireless, cities and countrysides and all kinds of digital medias advancing together has come into being, endorsing the SARFT initiative during its integration with telecom net later.

The same time when the radio and television net was undergoing digitalization reform, the integration of telecommunications net was also carrying on. May 23, 2008, operators restructuring plan was officially announced. China Unicom’s CDMA network and GSM network was split with the former being merged into China Telecom to form new telecommunications and the latter being absorbed by China Netcom to form new Unicom. China Railcom was merged into China Mobile as its wholly-owned subsidiary company, while China Satcom’s basic telecommunication business was incorporated into China Telecom. January 2009, China Mobile, China Telecom, China Unicom each received three 3G licenses, i.e. TD-SCDMA, CDMA2000 and WCDMA, showing the three new full operators has entered an era of telecom full service competition.

After the completion of various strategic plans of Broadcast networks and telecommunications networks, central government began to promote the integration of these two complete systems by policy guiding. May 19, 2009, State Council approved and transmitted a document—“Advice on the Work of Deepening Economic System Reform in 2009”—from Development and Reform Commission which stated, “implement state regulations to achieve the two-way entrance between radio and television enterprises and telecom enterprises, and substantially promote the program of three nets fusion.

So far, about three nets fusion, the government has established a “two-way entrance” principle, granting the radio and television net and telecom net a chance of direct dialogue. But clash between different ideologies began as well.

Ideology: Policy dilemma for three nets fusion and disputes between the two major interest groups

Ideology, as a kind of spiritual superstructure and cognitive system, is decided by reflection of particular classes and political groups, based on their own interests, about the social consciousness. It contains certain political, legal, philosophical,

moral, or religious doctrine and perspective and reflects the interest and value orientation of the classes or groups. Finally, it'll become theoretical basis for those subjects' political agenda and a code of conduct. In the process of three nets fusion, all kinds of interest subjects, like the State Council, SARFT and Ministry of Telecommunications etc., take on different ideologies, the convergence and clash between which push current three-nets-fusion policy into a dilemma.

July 29, 2009, SARFT issued "Notice of SARFT's Printing <Advice on Accelerating the Development of Radio and Television Cable Networks>" which stated, "Accelerating the development of radio and television cable network is of great significance in consolidating and expanding the Party's propaganda and culture front, meeting people's growing spiritual, cultural and information needs and promoting reform and development of radio, film and television in China. Also, it will contribute a lot to the three nets fusion and national information-based construction."

In this notice, SARFT reiterated its task of "accelerating the development of radio and television cable networks" and combined "three-nets-fusion" with "the party's propaganda", "the mass" and "national information-based construction", thus relating "the development of radio and television cable network" with "Party" "the mass" and "nation" so as to highlight its important role in the three nets fusion. Meanwhile, the SARFT suggested the special political and cultural status of radio and television by using expression like "Party" "propaganda and culture front" "the mass" "spiritual civilization" and "nation" etc., and, therefore, expressed an opinion that "broadcast controlling power of radio and television should not be separated".

The same time when SARFT was trying to use ideology to maintain its monopoly of broadcast controlling power, Ministry of Telecommunications started fight-back in a similar way. Among all the standards need to be made during three nets fusion, IPTV and mobile TV, as two typical businesses in three nets fusion, were highlighted by MIIT this time. MIIT stated clearly that it "will cooperate with relevant departments in making national standards for the three nets fusion". With this action, MIIT actually wanted to make the technical standard for three nets fusion by itself, thus setting a barrier against SARFT's entrance in order to slow down the development of radio and television by confining the communication channel. And by lifting the technical standard up to "national standard", MIIT shows its confidence for and executive power of Internet transmission, which can be seen as an expression of its ideology.

So far, SARFT and the MIIT have both showed their trump cards and bottom lines, and lift their own advantages and self-strategy up to "national" level by certain expression during ideological transmission, resulting in the huge dilemma of three nets fusion policy. June 5, 2010, the fifth newly-revised draft of pilot program got dismissed, so it failed to end the dispute between SARFT and MIIT. Perhaps, only when the State Council began to adjust and change in name of the nation can

the dispute eventually stop.

Institutional change: Exploring the feasibility of promoting three nets fusion

In this long-lasting conflict out of different interests and ideologies, both sides, though admit the huge economic and social benefits owing to three nets fusion, decode the policy from different perspectives, bringing a barrier to the three nets fusion which is a form of institutional innovation and finally pushing the leading subject of this innovation—the State Council into a dilemma.

Neo-institutionalism believes that barriers of innovation of political structure come from the following two aspects.

First is the resistance of the vested interest group. Political structure embraces class nature and is always subject to interest of particular class and group. Therefore, upon the establishment of political structure, all kinds of interest groups will gradually come into being over time. These interest groups “have the power and motion to may resist any reform, because the latter may deprive them of their gained and extended social production share.” Innovation of political structure will inevitably break the current power and interest layout and lead to redistribution. Therefore, it must get resisted by the vested interest group, which is under the cover of old institution, because it negatively affects the rental income of the vested interest group.

Second is the path dependence of institutional change. Once a certain institution has been selected and established, it will have great inertia and create a self-defending and self-reinforcing mechanism. Finally, the institution will develop in the first-selected direction without changing unless being affected by very strong outside power.

In different history periods, people have different evaluation standards for effective institution. Even now, scholars remain confused with the effective institution in modern society. Ke Wugang and Shi Manfei think universality as the essential characteristic of an effective institution, that is to say, institution must be fair and equal—“no one can be above the law.” Universality contains three criteria: (1) Institutional generality. Institution should not allow different treatment to individual or circumstances unless exact reason being given. (2) Institutional certainty. Institution must be clear enough to guide citizen’s behaviors. (3) Institutional openness. Institution should allow practitioners react to the new environment through innovative actions.

The first job for the policy-makers from State Council is to eliminate different treatment to the SARFT and MIIT during the three nets fusion process. State Council should abandon not only the ideological understanding that SARFT is “the

party's propaganda and culture front" but the ideological expression that the MIIT represents "national standard system". On the contrary, the rights and interest of the mass and the overall social development should become the consideration index to guarantee the huge task of three nets fusion.

Second, clear principles and firm stance should go along with the policy-making process. The allocation of authority should be clear and straightforward, avoiding situation where many major problems do not get clear, like the "broadcast controlling power" and "technical standards setting", so as to eliminate different interpretations from different interest subjects.

Third is to keep the openness of three nets fusion. From a perspective of the social economic overall advancement and media long term development, encourage the radio and television networks and telecommunications networks, based on integration and collaboration, to give full play to their competitive edge and develop significantly in proper competition.

On the morning of June 6, 2010, national conciliation panel for three nets fusion held a meeting and quickly passed the pilot plan, relevant documents about which were officially announced soon. And pilot cities selection competition started as well. . According to Beijing Morning Post report, this "Draft of Three Nets Fusion Pilot Program" has undergone revision for five times, with the final one inclined more to the SARFT. Informed source said the final program made it clear that the SARFT would administrate the construction of platform for IPTV's (Internet TV) integrated broadcasting and control, including EPG, complete Internet access through cable networks, data transference and IP telephony.

The quick decision this time reflected leading dominant ideology of the State Council, showing the nation started already to play a strong role of "host" when clash happened between different sectors. And during this process, we can also see the attitude and stance held by our nation in solving the disputes between different departmental interest and ideology.

Three nets fusion has undergone a long and hard process from its appearance to being contained in national development plan to current implementation. We believe three nets fusion will become a success in the future path changing process, a process where construction, expression, conflict and balance keep appearing all the time between different interest subjects like the State Council, the SARFT and MIIT.

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