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A Comparative Review of Media Globalization in China and Taiwan

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1. THE TECHNOLOGICAL AND ECONOMIC CONTEXT OF MEDIA GLOBALIZATION

1-1. MEDIA GLOBALIZATION IN THE WORLD

Globalization, according to Roland Robertson (1992, p. 8), refers both to ‘the compression of the world and the intensification of consciousness of the world as a whole’. Anthony Giddens argues that in globalization the four institutional dimensions of modernity which are capitalism, surveillance, military force, and industrialism enlarge respectively into the four institutional dimensions of globalization: the world capitalist economy, the nation-state system, the world military order, and the international division of labor (Giddens, 1990, p. 55-9, 71).

Arjun Appadurai (1996) emphasizes that globalization achieves that the flows of people, technologies, money, information, and ideas are much less tied to natural territories or confined by political borders than at any time in the past. John Tomlinson (1997, p. 171-2) elaborates that globalization involves not only the compression of time and space but also the extension of social relationships, in which the local context where we lived stretches to the global level.

Many theorists have noticed that mass media play a central part in the process of globalization (Harvey, 1989; Hall, 1991; Robertson, 1992). Ever since radio first catalyzed Marshall McLuhan's so-called ‘global village’, advanced media technology has always been considered a prominent characteristic of globalization. Some even argue that technology has conditioned media globalization and laid the foundation for other aspects of globalization. As Herman and McChesney (1997) maintain, satellite broadcasting and the World Wide Web have replaced colonial missionaries and settlers in promoting Western lifestyle and culture overseas.

The most important technological shifts in television have been the advent and spectacular growth of satellite and cable TV. Owing to the new technologies, the number of channels in Europe reported by IDATE increased from 104 to 165 during 1988 to 1993 and thus the competition both within television and with other media intensified. Denis McQuail (1998) attributes the successive commercialization of public television broadcasters and extensive growth of private television in Europe to the following reasons: 1. moves towards European integration, 2. reductions in government spending, 3. new technologies, 4. unstoppable media globalization, 5. the changed labor market, 6. lack of popular support, and 7. the 'treason' of politicians to the support of public broadcast.

Commercial competition tends to favor conglomerates. For many media companies, a crucial sub-strategy is to build up cross-media ownership of companies which combine the provision of entertainment, news, and information services. Above the plethora of local and national cultural industries in the world, a group of about 20 to 30 very large transnational companies dominate global media markets. These media giants include well-known names such as Time-Warner, Walt Disney, Viacom, Sony, Bertelsmann, etc. In order to best exploit their global profits, these capitalist leviathans are all eager to inject foreign direct investment (FDI) into potential or rising markets (Gershon, 2002).

David Held and his colleagues (1999) summarize five main trends within the media industry in the age of globalization: 1. a shift from public to private ownership, 2. the increasing concentration of ownership, 3. the increasingly transnational nature of corporations through the establishment of foreign subsidiaries or the purchase of local firms, 4. general corporate diversification across different types of media products, and 5. an increasing number of mergers of cultural producers, telecommunications corporations and computer hardware and software firms.

Responding to technical and industrial progress, policy makers worldwide have performed a series of adjustments in communications regulation leading to further industrial shifts. Since the 1980s, the competition concept of economists began to dominate media policy discourse as it did in many other sectors under the influence of neo-liberalism. An example can be found in OECD's claim (1993, p. 154) that: '[t]he first issue for a competition policy analysis of media ownership concentration is whether a particular pattern of common ownership of control of media interests so reduces the substitutable alternatives available and increases horizontal concentration that it allows an increased exercise of market power (Meier & Trappel, 1998).'

As digitalization brings about a 'convergence' of previously separate media technologies, new hybrid services emerge. Their inherent global nature makes national legal systems obsolete. This convergence involves a shift from legislation based on the social functions of media towards regulation addressing technical and industrial policy issues (Østergaard, 1998). Meanwhile, the new media make it more difficult for governments to practice censorship and information control l.

Nonetheless, concerns about cultural invasion have produced a counterforce against media globalization. The most famous action of cultural protection is that in 1989 on the part of the French government which through the EU Council's 'Television Without Frontiers' Directive sought to defend its own cultural industries by introducing program quotas to reserve over half of the television broadcast time of member countries for European programs. (However, at certain other Member States' insistence, the European quota article contained the weak formulation 'where practicable'). Similarly 'Bill C-55', proposed by the minister of cultural heritage of Canada in 1998, made it illegal for Canadians to advertise in the American press rather than in a Canadian counterpart (Ogan, 2002).

In general, the technical and industrial changes that have occurred since the 1970s have caused the following regulatory shifts in almost every Western and also in many developing countries: 1. the commercialization or privatization of existing terrestrial channels, 2. the establishment of loose regulatory frameworks for satellite and cable services, 3. the abandonment of regulations which restrict television ownership to home nationals, and 4. the end of regulations which attempt to prevent excessive cross-ownership of media companies (Held et al., 1999).

To summarize the argument so far, technological innovation has intensified the competition in the global media industry. Privatization and conglomeration have been, respectively, the favored public policies and business strategies. Media policy makers responding to such industrial demands have felt themselves compelled to adjust regulations to cater to the competition although sometime concerns about cultural sovereignty have tempered the extent of communications liberalization.

Following Marshall McLuhan's and Neil Postman's viewpoints of media ecology, the review of historical data about media globalization in this study will be presented as the analyses of the changes in both media policy and the media industry, which follow the contextual scenario of technological innovation and commercialization. Now that in the age of globalization deregulation and / or re-regulation characterize media policy while privatization and transnational conglomeration characterize the media industry, the results of this research will be arranged in a corresponding structure. Though they have a common racial and cultural heritage, mainland China and Taiwan differ considerably in political and economic terms. It is worth reflecting how these differences cause distinct responses to globalization in media policy and the media industry.

1-2. TECHNOLOGICAL INNOVATION AND COMMERCIALIZATION IN

CHINA AND TAIWAN

The development of cable television in mainland China has taken place for more than 30 years, which can be divided into three stages (劉幼俐, 1996):

1. Common antenna television: the mid 1960s to late 1970s;
2. Cable television for enterprises: the early 1980s to mid 1980s;
3. Cable television in administrative areas: the mid 1980s to now.

Mainland China's cable television underwent a fast growth in the 1990s. At the end of 1990, there were 13 million cable television subscribers. The figures were 20 million, 25 million, and 30 million respectively at the end of 1992, 1993, and 1994. Given four people of an average household, the cable television in mainland China reached over 100 million audience members and its penetration rate was 17% in 1994. Furthermore, the easy access of the technology made Beijing unable to effectively monitor, let alone control, the illicit cable operators who have sprung up since the early 1990s. As in 1995, about 1,000 of the 3,000 cable stations in mainland China were unlicensed (白謙誠, 1995).

Satellite dishes in mainland China that pull in programs from Hong Kong, Taiwan, and other places, were regulated. Yet again, the government has backtracked in its efforts to halt the illegal installation—moving from an outright ban on satellite dishes (1993), to requiring them to be licensed (1994), to specifying allowable programs and viewing hours (1995). Satellite and cable television have made the mainland Chinese audience more easily reached by overseas media. Residents there can now receive more than 20 external television channels by satellite, including Chinese-language services of CNN, Star TV, and the U.S. Information Agency. In the southern province of Guangdong, 97% of the households have television sets and almost all of them can access Hong Kong television through cable networks (He, 2004).

The widening Chinese use of the Internet is also undercutting the government’s efforts to control the flow of information. According to the China Internet Network Information Center’s (CNNIC's) 19th Statistical Survey Report on Internet Development in China, 137 million people, about 10.5% of national population, had Internet access by the end of 2006. Among them, 90.7 million people used broadband networks. Meantime the statistics showed that the amount of the users of mobile web has reached 17 million (崔保国 et al., 2006).

The rise of the Internet seems to have darkened the prospects of the traditional press. In 2005, the sales of several new media exceeded those of some of the largest newspaper groups in mainland China. For example, the entire sales income of Sina, China's largest portal site, was then 870 million RMB, which was very close to the income of China's largest press. Newspapers in mainland China experienced an unprecedentedly slow in 2004. A year later, the growth rate of newspapers, which was 6.6%, was for the first time lower than the one of China's GDP (崔保国 et al., 2006).

New media technology also encouraged China's film industry to engage in digitalization. In 2000, China Film Group, the largest film production and distribution corporation in mainland China, allegedly spent more than 100 million RMB launching Hualong Film Digital Productions in order to enhance computer-generated imagery (CGI) effect, which has been proved to be the magic recipe of blockbusters by imported movies. In addition, China Film Group has built 50 digital theaters until 2005 and made the amount of digital theaters in mainland China leap to the status of second largest in the world after in the United States.

The progress of the development of cable television in Taiwan can be also divided into three stages (劉幼俐, 1996):

1. Common antenna television: the late 1960s to 1995;
2. 'The fourth station': the mid 1970s to 1995;
3. Cable television: 1996 to now.

Among them 'the fourth station' refers to those unlicensed cable television which mostly supported the opposition party then in Taiwan since all legal broadcasters were controlled by the authoritative government. The following table presents the regulatory comparison of cable television in mainland China and Taiwan when these new media began to be regulated maturely.

Table 1. The Regulatory Comparison of Cable Television in Mainland China and Taiwan (劉幼俐, 1995)

	Mainland China	Taiwan
Ownership	state-owned	private
Regulator	hierarchical: central – Department of Radio, Film and Television local - provincial, county, and city government	dual: software - Government Information Office hardware - Ministry of Transportation and Communications
License Issuer	Department of Radio, Film and Television	Cable Television Review Committee
License Duration	permanent	9 years
Operative Area	one cable network per city	maximum of five per area
Content Control	broadcasting after censorship	no censorship
Proportion of Domestic Program	no less than two-thirds	not less than one-fifth

The Taiwanese authorities once prohibited residents' reception of foreign programs through satellite dishes (which were nicknamed 'tiny ears') but the ban was abolished in November 1988. As cable television carrying many satellite channels gradually prevailed in Taiwan in the 1990s, less and less people installed satellite dishes afterward (劉幼俐, 1996).

With respect to digital convergence of media, the trial broadcast of digital radio has taken place in Taiwan in 2000. Six applicants for digital audio broadcast have been granted permission of establishment in 2005. In 2007 five wireless television stations launched formal operation of digital broadcast and their analog channels will be returned to the authority of Taiwan in 2010 (林倖君, 2006; 總統府, 2008).

In Taiwan, Internet popularized earlier and confronted less regulation than in mainland China. The result of Yahoo Kimo's survey in 2007 suggested that 70% of people in Taiwan accessed Internet at least once a day while the proportion for television was 84.4%. Thus, Internet has become the second most-used mass media in Taiwan and followed orderly by newspapers, radio, and magazines. The online advertising revenues in Taiwan have reached 121 million USD in 2006. 70% of the revenues belonged to Yahoo Kimo, Taiwan's largest website visited 7 million person-times everyday, and made this branch company the third in total revenues worldwide after only the U.S.'s and U.K.'s Yahoo (王曉玟, 2006).

It is noticeable that so far mainland China and Taiwan remain the areas importing media technologies from the West. One of the evidences could be seen in the time sequence of technological application. For instance, the time to carry out massive operations of digital television is 1998 for the U.K. and U.S., 2003 for Japan, 2007 for Taiwan, and 2010 for mainland China. Although Taiwan usually introduces and applies technical innovation in media industry quicker than mainland China, mainland China is more conscious of nourishing a sound industry of new media that is competitive in the global market. This could be well illustrated by the overseas start-up of Baidu, China's giant of search engine, in Japan in January 2008.

From the early 1990s, the competition within mass media aggravated as technical breakthroughs altered the conventions of the industry. For example, in mainland China every provincial television station has launched its satellite channel facing the whole country and an urban subscriber can generally receive about 30 cable channels so far. In Taiwan, there have been 5 million cable television subscribers and the corresponding popularization rate has reached 85.2% at the end of 2004. Therefore, television has gradually transformed into fiercely competitive industry in both Taiwan and mainland China (林倖君, 2006).

Intensified competition led to more commercialized environments of mass media and thus propelled the growth of the industry. In 1995, China Central

Television (CCTV), China’s largest television network, earned nearly 1.25 billion RMB in advertising revenue, covering almost 90% of its total costs which used to be funded by the government. Since 1995, China’s television revenues have tripled in 10 years. In general, the gross product of Taiwan’s media sector was about 31.5 billion RMB in 2003 and its annual growth rate was 14%; the gross product of China’s media sector was about 481.1 billion RMB in 2007 and its annual growth rate was 13.6% (崔保国 et al., 2008).

Such developments were among the most important factors behind the emergence of more diverse and autonomous media. Technical innovation and commercialization thus have been the major contextual characteristics of media globalization in China and Taiwan. Meanwhile the governments turned to be far less able than before to wield financial leverage over the media, which have increasingly become self-supporting through advertising revenues and circulation.

In addition, the trend of commercialization also made government urge the state-owned media institutes to profit more from the market. For instance, Beijing has been cutting funding to Xinhua, Chinese flagship of news agency employing more than 10,000 people - as compared to about 1,300 for the U.K.'s Reuters. Xinhua currently has to cover 70% of the costs by its business revenue (李彦甫, 2002). Besides, the media as political party’s mouthpiece were proved to be less competitive nowadays. For example, the daily circulation of People's Daily, the most prestigious party paper for the Chinese Communist, fell from 3.1 million copies in 1990 to 2.2 million in 1995 while its counterpart Central Daily News for the Nationalist Party (KMT or Kuomintang) in Taiwan closed the business of press in 2006.

2. RESPONSE TO GLOBALIZATION IN MEDIA POLICY AND INDUSTRY

2-1. DEREGULATION OR RE-REGULATION

After China joined the World Trade Organization (WTO) on 10th November 2001, there was a shift from monitorship ruled by people toward administrative and legal regulation of the mass media. The media policy in mainland China has been seen as ideological policy. This view, however, was gradually turned into cultural and industrial policy in recent years (崔保国 et al., 2006).

In 2000, China’s State Administration of Radio, Film and Television issued the ordinance of ‘The Principle about the Trial Work of Broadcaster Conglomeration’ stating that, ‘it is allowable to manage other businesses to gradually form synthetic media groups with multi-media, multi-channel, multi-genre, multi-level, and multi-function.’ This policy was a key of the door to media conglomeration and concentration which were believed to be necessary means to survive after the entrance to the WTO.

In 2006, China’s National Audit Office assigned clear divisions of personnel and budgets between China Central Television (CCTV) and the State Administration of Radio, Film and Television. Therefore, CCTV and the Administration clearly considered two different interest entities from then on; the commercial power of the former and the administrative credibility of the latter were both enhanced consequently. Although still monitored by the Administration and the Propaganda Department of the Chinese Communist, CCTV was then first recognized as a public service unit with an entrepreneurial operation (崔保国 et al., 2007).

However, deregulation didn’t exist in China’s international trade of programs. In February 2000, China’s State Administration of Radio, Film and Television set several restrictions about the amounts and themes of imported television programs and banished them from prime time (陆晔&夏宁, 2004). Since September 2006, Beijing has banned foreign-produced animation between the hours of 17:00 to 20:00 on state-run television in order to protect struggling Chinese animation studios affected by the popularity of overseas cartoons. Besides, the hour ratio of domestic to foreign animations was tuned up from 6:4 toward 7:3.

Furthermore, China has suspended all new applications from Internet service providers seeking to commence operations within from the beginning of 1996. Meanwhile the government put all existing Internet services under the jurisdiction of the Ministry of Posts and Telecommunications, the Ministry of Electronics Industry, and the State Education Commission. In October 2000, ‘The Administrative Measure of Internet Information Service’, claiming that Internet content providers are regulated and monitored by the authority, was issued for enforcement. In addition, there still exists a state-established firewall (Golden Shield Project) that limits the content of webpages and blocks the access to certain websites through routing filters.

The Chinese market opened a little to media products after joining the WTO. Aspects of the deregulation were: foreign companies would be allowed to wholesale and retail books and newspapers as well as distribute audio-visual products in three years; foreign companies would be allowed to invest in advertising firms in two to four years; foreign companies were allowed to invest in the construction and refurnishing of theaters; 20 foreign movies at most were allowed to be imported a year. One of the most apparent features of re-regulation in the regulatory changes after China’s entrance to the WTO is that importation of media products need to be designated by the authority instead of being merely approved as before (魏永征, 2002).

There was some good news for international capital. In December 2003, foreign advertising firms were first permitted to hold over 51% of the shares of joint venture advertising firms in mainland China (崔保国 et al., 2006). Afterwards, China’s State Administration of Radio, Film and Television and Ministry of Commerce co-issued ‘The Provisional Regulation on the China - Foreign Joint Ventures and Cooperatives of Production and Management of Broadcast Programs’ (also known as Ordinance No. 44) stating that after 28th November 2004 foreign media companies would be permitted to hold no more than 49% of the shares of the enterprises related to production or management of the broadcast programs that are not involved with news. This ordinance was allegedly promoted by both Viacom and Shanghai Media Group, who were then launching a joint venture production company.

Since the technology of broadcast television was introduced into Taiwan, the only three stations had been controlled by the government. The dominant share holders of TTV, CTV, and CTS were the Taiwan Provincial Government, the Nationalist Party, and the Ministry of Defense respectively. The oligopoly lasted for decades until FTV began broadcasting in 1997 via the lower frequency band of VHF which was newly released. One year later, the first public television station PTS also started its operation in Taiwan.

On 9th December 2003, Taiwan’s Legislative Yuan completed the amendment of both ‘The Radio and Television Law’ and ‘The Cable Radio and Television Law’. The amended laws prohibit that the people (or legal people) related to government or political party directly or indirectly invest in or act as founders, directors, supervisors, or managers of private radio or television businesses. Until then the state-controlled broadcasters were finally extinct in Taiwan.

Although the Radio and Television Law stipulates that only nationals can own wireless broadcast systems in Taiwan, some interesting regulatory changes have happened in foreign investment in cable television. In 1993, ‘The Cable Television Law’, ‘The Enforcement Rule of the Cable Television Law’, and ‘The Provisional Administrative Measure of Cable Television System’ were brought into practice under the pressure of several local interest groups and the Section 301 of the U.S. Trade Act. In March 1997, Taiwan’s Ministry of Transportation and Communications issued the first operational license to a system operator, marking a legal stage of cable television in Taiwan (新聞局, 1997). However, the 20th article of the original Cable Television Law prohibited foreigners from holding shares of cable television systems.

In January 1999, Taiwan’s Legislative Yuan amended the Cable Television Law to abolish the ban on foreign investment and permit foreigners to hold both directly and indirectly no more than 50% in total of the shares of a cable television system, the same as the limit of a satellite television operator as stated in Taiwan’s ‘Satellite Radio and Television Law’ (洪瓊娟, 1999). In May 2001, regardless of intense concerns on the part of many left-wing social groups, the Legislative Yuan loosened the limit of share proportion for the claimed prospects of building on a more liberal and globalized media industry (管中祥&陳伊禎, 2003). The 19th article of this amended Cable Radio and Television Law, the subsequence of the Cable Television Law, permits foreigners to hold both directly and indirectly no more than 60% in total of the shares of a cable television system as well as requires that the direct investment is no more than 20% and conducted by foreign legal people (林倖君, 2006).

There remain cultural protectionist regulations in Taiwan's media policy as in mainland China. Taiwan's Radio and Television Law requires that the home-made programs on wireless broadcast should be no less than 70%. Besides, Taiwan's Cable Radio and Television Law requires that the home-made programs on cable systems should be no less than 20% (林倖君, 2006). Nevertheless, there has been no restriction on the access to any websites in Taiwan's Internet regulation.

This comparison of mainland China's and Taiwan's media regulations under the impact of globalization reveals the common feature to be the regulatory shifts carried out in response to technological innovation. However, mainland China's government tended to apply the policy to shape the industry in a 'top-down' style while Taiwanese policy was usually based on the demands of the industry in a 'bottom-up' manner (劉幼俐, 1996).

In the last decade, some institutional evolution also took place on both sides of the Taiwan Strait. In March 1998, China's Department of Radio, Film and Television was transformed into the State Administration of Radio, Film and Television directly subordinated to the State Council, reflecting a more centralizing trend of media policy making in mainland China. By contrast, the administrators of communications in Taiwan's government were restructured and integrated into a newly-founded independent institute, National Communications Commission (NCC), in Feb 2006, reflecting a more decentralizing trend of media policy making in Taiwan.

2-2. PRIVATIZATION AND FOREIGN INVESTMENT

Among the mass media in mainland China almost 98% are state-owned public service units (崔保国 et al., 2006). Specifically, the state owns all broadcast television stations. De-emphasis of ideology of mainland China, however, has opened a door for the media to pursue capitalist marketing practices that respond to customers' wants and bring increasing financial independence from the state. These media took advantage of political powers to gain economic rewards in the market, which then became the fuel to facilitate media's achievement of the propagandistic missions assigned by the government (胡正荣, 2004).

In 2001's 'Several Opinions on Deepening the Reform of Press and Broadcasting, China's authority recognized that newspapers, publishers, and broadcasters as public service units while distributors and film firms as enterprise units. Therefore, different capital operations applied to different kinds of businesses. The Opinion claimed that news media were run by the state and shouldn't acquire foreign or private capital; the operative departments of newspapers, publishers, and broadcasters were allowed to be transformed into corporations that can finance themselves from large state-owned public service or enterprise units; the distributors and film firms were allowed to acquire overseas capital to particular extent.

Since 1996 some media related enterprises in mainland China directly went public in capital market by system reform, or indirectly do so by reverse merger. Some of the most famous cases included China Television Media, Oriental Pearl, TV & Broadcast Intermediary Co., and B-ray Media. For example, TV & Broadcast Intermediary Co., backed by Hunan Broadcast Audio-visual Group, ran the businesses across press, broadcast, and Internet media (陆晔&夏宁, 2004). China Film was also transformed into a stockholding system in 2003. Although still far beyond privatization, China Central Television (CCTV) has approached marketization and corporate management by dismissing about 1,600 surplus personnel in late 2004.

The chief of China's State Administration of Radio, Film and Television, Guang-chun Xu, has pointed out that according to the principle of the entrance to the WTO China would open the market of telecommunications instead of broadcast networks (陆晔&夏宁, 2004). However, after WTO entrance, the amount of external television channels in China grew from 4 to more than 30 so far. The capitalist of these channels include Time Warner, News Group, Viacom, Disney, Bertelsmann, as well as Hong Kong based Tom.com and Sun TV (崔保国 et al., 2006).

The News Group's Star founded the first foreign sole proprietorship advertising corporation in mainland China in 2004. After December 2005, the market of the advertising industry in China was completely open to foreign investors (崔保国 et al., 2006). Furthermore, though it was strictly banned in China that domestic enterprises buy broadcast rights from mass media, the media still circuitously cooperate with corporate investors in the way of 'general agent of advertising' or 'privileged broadcast'.

By the means of powerful public relations with China's government, the Western media giants have taken part in the businesses of not only television channels and advertising but also entertaining content production. In February 2000, the News Group established a joint venture of program production in Tianjin. In early 2001, Time Warner began to control China Entertainment TV by investing 100 million USD (陆晔&夏宁, 2004). In November 2004, Viacom's Nickelodeon and Shanghai Media Group co-founded a company for producing children's programs, and within a month Sony Picture and China Film Group co-founded Huaso Film / TV Digital Production

Co. To produce entertaining programs is advantageous to developing the market because the local acceptability of these programs is expected higher while the relative political risk is expected lower.

In Taiwan, the climax of media privatization appeared in January 2006 as ‘The Statute for Disposing of Public Sector Stock Shares in Wireless Television Businesses’ was enforced. The shares of CTV and Broadcasting Corporation of China owned by the Nationalist Party have been released to the private sector in December 2005. The shares of CTS owned by the Ministry of Defense were granted to PTS in March 2006 and thus CTS was transformed into a public broadcast system. The shares of TTV owned by the government have also been released to the private sector in September 2007 as the Statute demanded (總統府, 2008).

With regard to external investment in Taiwan’s media, Hong Kong based Television Broadcasts International (TVBI) and Taiwan based Era International Co. co-founded Television Broadcasts Satellite Co. (TVBS) that broadcast its first signal in September 1993. Externally-invested TVBS is the first satellite channel in Taiwan and can be viewed via almost all cable television systems now. After ‘The Satellite Radio and Television Law’ was issued in February 1999, external channels began to thrive in Taiwan legally.

According to 1993’s ‘Cable Television Law’, foreign investors, whose ownership of cable television systems was illegal, were forced to cooperate with local capital. At that time, the main player like Meitai Telecommunications was funded by Time Warner; Taihua was funded by AT&T. However, 40.9% of applications of these externally-invested companies for the establishment of cable television systems were turned down by the administrative authority. Besides, other regulatory restrictions, unstable markets, and unfriendly public opinions together made these foreign investors retreat from the ownership of Taiwan’s early cable television systems finally.

The article of 2001’s regulation loosened the proportional limit of foreigner’s shares to 60% but overseas private equities finally drove out local shareholders by legally dubious multi-level investment. Near the end of 2006, Asian private equity MBK signed a contract with China Network Systems, the second largest cable television operator in Taiwan, to take over the latter. Earlier there were Australian Macquarie Bank controlling Taiwan Broadband Communications and American private equity Carlyle controlling EThome. Within a year the largest three cable television systems in Taiwan were all dominated by foreigners. In particular, private equities sought interest arbitrage rather than media management in Taiwan. For example, Carlyle purchased Taiwan Broadband Communications in 1999 and then sold it to Macquarie Bank for the profit of about 300 million USD in merely 7 years.

Table 2. The Change of the Ownership of Five Main Cable Television Systems in Taiwan (管中祥&陳伊禎, 2003; 台灣經濟研究院, 2007)

	EThome	China Network Systems	Taiwan Broadband Communications	Fuyang Media Technology	Taiwan Infrastructure Network Provider	Independent Systems
Original Owner	ET Group	Koo's Group	Carlyle	Pacific Group	middle Taiwan's independent systems	N.A.
New Owner	Carlyle	MBK	Macquarie Bank	Fubon Group	local systems	N.A.
Area	north, middle, south	north, south	mainly middle	north, south	mainly middle	N.A.
System	13	12	5	7	6	21
Subscriber (Thousand Households)	1,050	1,130	650	500	270	860
Market Share	24.0%	25.7%	14.7%	9.6%	6.7%	19.2%
Acquisition Date	2006-06	2006-10	2005-12	2005-01	N.A.	N.A.
Note	Carlyle purchased 60% of the shares at 1,500 USD per subscriber	MBK purchased 60% of the shares at 1,570 USD per subscriber	Macquarie Bank acquired the company at 1,400 USD per subscriber	N.A.	N.A.	N.A.

2-3. CONGLOMERATION AND CONCENTRATION

Monetary rewards for meeting audience demands continued to increase in mainland China from 1990, resulting in greater financial autonomy for the growing number of Chinese media with sizable market shares. Faced with huge media markets, both the national and local media firms had a strong will to magnify their economic scales to gain more profits. Moreover, this will was further strengthened by the stimulation of expanding foreign media in the age of globalization.

Therefore, conglomeration in mainland China's media sector has been one of the most notable trends in the recent decade. The industries of China's television, radio, newspapers, and websites have all undergone conspicuous conglomeration mainly in order to meet the challenge of WTO entrance in the late 2001. For example, after WTO entrance there appeared 15 newspaper conglomerates in mainland China, most mergers of which were approved by the government in 1999 and 2000 (李彦甫, 2002).

China's State Administration of Radio, Film and Television issued the Ordinance No. 284 in 2000 specifying the concrete content of broadcasters' conglomeration, which required the trinity of radio, television, and movies; the combination of antenna, cable, and educational media; and the integration of provincial, prefecture, and county level broadcasters. The momentum of the conglomeration was clear within the context of markets and politics. First, broadcast media sought to expand their market shares, increase advertising revenues, maximize commercial profits, and win the new round of competition; second, the administrative power in China remained very effective to apply the above-mentioned media policy from the top downward.

The conglomeration of provincial broadcasters in mainland China, to a large extent, has to be seen as an effort to unify industrial resources among the province to build on a channel which is powerful enough to broadcast nationwide via satellite and thus able to confront the impact of overseas channels broadcasted nationwide as well (陆晔&夏宁, 2004).

Table 3. The Constitution of Main Provincial Media Conglomerates in China (陆晔&夏宁, 2004)

Name	Date of Establishment	Constitution	Assets (Billion RMB)
Hunan Broadcast Audio-visual Group	2000-12-21	Hunan Radio, Hunan TV, Program Paper, Film Studio, Internet Center, Program Center, Audio-visual Center, Hunan TV Commercial Group, etc.	3
Shandong General Broadcast Television Station	2001-1-19	Shandong Radio, Shandong TV, TV Program Production Center, Broadcast Information Internet Company, Guangshi Website, Shiwanglian Website, Audio-visual Publisher, etc.	N.A.

Shanghai Cultural Broadcast Audio-visual Group	2001-4-20	Shanghai TV (Including Shanghai Satellite TV), Oriental TV, Shanghai People's Radio, Shanghai Oriental Radio, Shanghai Broadcast Weekly, Oriental Net, Eastern Shanghai International, Broadcast Program Production, Shanghai Oriental Pearl Company, Shanghai International Convention Center, Shanghai Film & TV Group, Shanghai Yongle Film & TV Group, Shanghai Cinema, Shanghai Grand Theater, etc.	14.2
Beijing Broadcast Audio-visual Group	2001-5-28	Beijing TV, Forbidden City Film, Beijing People's Radio, Beijing Gehua Cultural Group, Beijing Cable Network, etc.	5

The media concentration in mainland China can be well reflected by the performance of China Central Television (CCTV), China's largest broadcaster. It was responsible for one-third of all media's advertising revenues in China. Similarly, the ten economically leading newspapers in China, including Guangzhou Daily, Shanghai Wenshin Press Group, and Beijing Youth as the top three, shared one-third of all press' advertising revenues (崔保国 et al., 2006).

Conglomeration and concentration also took place among new media. There was a trend that many news media in mainland China cooperated to establish a huge platform website. Two characteristics can be distinguished in these conglomerate online media. First, the conglomeration was within the geographical areas. Second, the conglomeration was between different traditional media. Basically, these Internet conglomerates could be seen as regional cross-media groups which used their integral scales to confront foreign websites and acquire better qualification to cooperate with other Chinese national media.

For instance, Sichuan News Net launching in 2000 was co-built by more than 80 local media. Furthermore, Beijing Qianlong Net was founded by Beijing Daily, Beijing Evening, Beijing People's Radio, Beijing TV, Beijing Cable Broadcast TV, Beijing Youth, Beijing Morning, Beijing Economics, and Beijing Broadcast Paper in March 2000. The initial investment in Beijing Qianlong Net was 60 million RMB and its personnel were about 150 people (李彦甫, 2002).

The policy implication in Taiwan, unlike in mainland China, discouraged media concentration and conglomeration but turned out to be somewhat ineffective. For example, the 20th article of 1993's 'Cable Television Law' in Taiwan specified, 'The directors, supervisors, and managers of newspapers, wireless television and radio can not be the applicants, directors, supervisors, or managers of cable television.' Besides, the 22nd article of the same law also regulated that the enterprises of telecommunications were excluded as well. However, the law didn't restrict the business of multiple system operators (MSO) or system operators' ownership of channels.

The legal loophole allowed ambitious conglomerates the space to expand. After Government Information Office in Taiwan issued 'The Notice of Application to the Establishment of Cable Television' in February 1994, 156 of 229 applications were approved (新聞局, 2000). Nonetheless, Taiwan's industry of cable television system gradually concentrated to only 63 operators in 2002 (新聞局, 2002).

Within about 80 channels that share the advertising revenues in Taiwan's cable television, several 'channel families' dominate the market. The ETTV, VL, TVBS, Era, SETTV, GTV, and CtiTV are the main channel families and each of them owns three to eight channels. ETTV is not only a channel company but also a multiple system operator running satellite and cable television systems. The VL has been once a MSO as well and the main rival of ETTV in Taiwan's television industry (劉立行, 2005).

Internet media in Taiwan have also suffered serious industry concentration. In 2000, Yahoo purchased the most popular local portal site Kimo which boasted of its largest web traffic in Taiwan. From then on, Yahoo Kimo kept dominating Taiwan's online media in more and more monopolistic styles. In 2003, Yahoo Kimo cooperated with Monday Technology to develop its influential online shopping business. On 13th December 2006, Yahoo Kimo spent 22 million USD acquiring Wretch without any interference of Taiwan's Fair Trade Commission. The viewed pages per month of Wretch and Yahoo Kimo were 1.9 billion and 7 billion respectively. The merger led to a more formidable virtual giant responsible for 80% of total viewed pages of the top ten websites in Taiwan (王曉玟, 2006).

The advertising revenue of Yahoo Kimo in the early half of 2006 was almost 30 million USD, comparing with 36 million of Apple Daily, 45 million of United Daily, and 48 million of China Times. However, the largest press in Taiwan like United Daily or China Times was suffering the growth rate of advertising revenue less than 2%. The rate of Yahoo Kimo, on the contrary, kept increasing from 20% (王曉玟, 2006). The concentration of Internet media in Taiwan has casted the shadow of monopoly on online advertisement.

3. CONCLUSION OF COMPARISON

Unlike traditional broadcast radio and television with centralized source of signals, so-called 'new media' like the Internet, and satellite and cable television, share a common characteristic: their decentralized source. Apart from the spectrum scarcity rationale, another possible reason that new media did not undergo similarly severe regulation to their relatives in mainland China and Taiwan is that they appeared far after both governments were well instituted in the 1950s. Newly instituted governments can redistribute resources completely at their will to existing press and broadcasters in order to firmly control them, but those new media organically thriving from the industry that introduces innovative technology are legitimate enough to require governments to negotiate concerning policy with the stakeholders.

Jerry Salvaggio (1983, p. 228-35) proposes that within the mode of competition as in the U.S., policy will be driven by market competition; within the mode of public utility as in Europe and Japan, market competition will be driven by policy. Taiwan's policy and regulation of new media can be regarded as among the mode of competition. As to mainland China, during the initial stage of new technology, the media policy making is more likely in the mode of competition; however, once the technology maturely prevails, the government will practice more complete regulations to guide market competition as in the mode of public utility.

According to historical data, it is apparent that deregulation was one of the most important reasons of oligopolistic cable television and Internet website in Taiwan. This fact can illustrate that the state does not vanish in globalization but is instead driven by global capital to promote globalization. The state is actually a primary architect building on global media markets.

As to the case in mainland China, although some defend China's government by that top-down policy corresponding market demands is so far the best means to efficiently integrate divisive resources into a sufficiently competitive industry faced with foreign rivals, it is still worrying that the mass media duopolized by mutually-used political and capital powers will deviate from the representative of public interests. This concern can also well illustrate the capture theory of regulation, claiming that regulators will be captured by the regulated industry and draw up the regulations for industry's interests instead of the public ones.

In brief, confronting the challenge of globalization, both Taiwan's media industry and policy tended to approach more liberal competition, while only mainland China's media industry did the same but her media policy was more likely to perform in defensive ways. Which option is proved wiser depends on not only commercial excellence but also the maintenance of public interests in the future.

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