



CHINA IN THE INFORMATION AGE

Telecommunications and the Dilemmas of Reform

Milton Mueller
Zixiang Tan

Foreword by Diana Lady Dougan

**PUBLISHED WITH
THE CENTER FOR STRATEGIC
AND INTERNATIONAL STUDIES
WASHINGTON, D.C.**

PRAEGER

**Westport, Connecticut
London**

Contents

Foreword	vii
About the Authors	xv
Introduction	1
1. Chinese Reform and the Information Economy	5
From Communism to “Socialist Market Economy”	6
Industrialization and “Informatization”	12
Overview	23
2. Channeling Growth into the National Hierarchy: The Ministry of Posts and Telecommunications	24
The Last of the PTTs?	24
The MPT’s Current Structure	30
Reform in the MPT: Progress and Limits	35
Conclusion: Staying Ahead	43
3. Socialist Competition: Lian Tong and the Golden Projects	45
Ministerial Rivalries and Policy Change	46
The Politics of the Information Superhighway	53
Features of the New Telecommunications Environment	59
Conclusion	63

4. Privatization, with Chinese Characteristics	65
A Taxonomy of Privatization	66
Privatization in China	67
Spontaneous Privatization in Telecommunications	71
Reining in Spontaneous Competition	76
Will the State Sector Wither Away?	79
5. Controlling the Computer: China Confronts the Internet	81
Inauspicious Beginnings	82
A New Wave of Expansion	84
China Clamps Down	89
Conclusion	99
6. Trade and Foreign Investment	100
China's Policy toward Technology Trade	101
Trade in Telecommunications Services	105
China's Accession to the World Trade Organization	112
7. Conclusion: Principles and Scenarios	114
Contradictions and Constants	114
Scenarios	116
Hong Kong and 1997	123
Appendixes	
A. List of Shareholders in Lian Tong and Ji Tong	127
B. State Radio Regulatory Commission: New Regulations Issued May 1994	129
C. Chinese Government's Guidelines for Foreign Investment in Telecommunications	130
D. List of Foreign Business Activities in China's Telecommunications Sector, July 1995	131
Notes	137
Bibliography	151
Index	157