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# Telecommunications Policy

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## Universal service in China and India: Legitimizing the state?

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### ARTICLE INFO

Available online 28 October 2013

#### Keywords:

Universal service

China

India

Comparative case study

Telecommunications policy

State legitimacy

### ABSTRACT

This paper examines the contrast between China's and India's universal service policies as manifestations of the two states' differing self-conceptualizations and legitimation strategies. We examine the timeline of universal service policies in the two countries, differentiating between the territorial, demographic and layered dimensions of universal service. The analysis reveals many similarities between the two countries, as well as some differences primarily related to the mode of funding universal service programs and the lead China has taken in deploying informatization services. We identify some of the proximate causes that resulted in these policy decisions. But in addition, we also examine how universal service policies are related to contrasting models of state legitimation.

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China and India, two of the fastest growing developing economies with 37% of the world population between them, have been extensively compared in the popular press (“A Himalayan rivalry: India and China,” 2010; “Chindia at a Crossroads,” 2006; Dowling, 2005; Macdonald, 2010), as well as in scholarly books and research articles (Chai & Roy, 2006; Winters & Yusuf, 2007). Since infrastructure and telecommunications in particular are now widely recognized as vital development inputs, it is not surprising that the telecommunications systems and policies in China and India too have come in for considerable research attention (as recent examples, see Harwit, 2004; Loo, 2004, Qiu, 2007; Yuan et al., 2006; Xia & Lu, 2008 on China, and Jain, 2010; Jain & Sridhar, 2003; Malik, 2009; Mani, 2008; Mukherji, 2008; Noll & Wallsten, 2005 on India). However, much of this literature considers China and India separately, and few studies have explicitly compared the two nations' experiences in telecommunications policy-making despite the fact that their similarities in geographical extent, population, stage of economic development and history, as well as the marked contrast in political systems, make them natural choices for comparative analysis.

In this paper, we compare the two countries' experience with universal telecommunications service policies. This area of policy provides a fruitful field for policy analysis because it implicates not only economic, but also social and political considerations. For China and India, the problem of universal service is particularly acute because both nations are geographically vast, demographically and economically diverse, and confront similar problems in alleviating poverty and making the fruits of economic growth accessible to the people. The differences in their responses therefore would be indicative of the contrasting problem definitions, policy perspectives, and administrative approaches adopted by the two countries. Our attention is therefore focused not only on the comparison of specific universal service policies and programs, but also on the institutional arrangements, philosophies of governance, and socio-cultural imperatives that result in those policies. In effect, we argue that universal service policies are particularly indicative as well as derivative of the strategies of

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state legitimation that the two countries have adopted, to justify their respective political systems to the people and enlist popular support for nationalist causes.

The structure of the paper is as follows. First, we briefly summarize the existing literature on comparative analysis of universal service policies in China and India, both to provide a foundation for the rest of the paper as well as to demonstrate the scarcity of articles explicitly comparing the two countries, despite the many geographical, demographic and economic similarities between the two that make them natural candidates for comparison. This paper aims to fill this gap in the literature. To set the stage for this comparison, the paper introduces the concept of the legitimation strategies of states, which in summary are the means by which states justify their authority over their citizens, and gain popular acceptance for the organization of state functions. The central argument of the paper is that while policy decisions are likely to bear the idiosyncratic marks of the circumstances in which they were made and of the persons who made them, policy challenges of sufficient scope and complexity are likely to require sustained action over long periods of time and over multiple “generations” of policymakers, making them more reflective of larger social, political and cultural factors. One of these is the contrasting strategies of state legitimation in China and India. The paper argues that the apparent contradictions and differences between universal service programs in China and India, despite the similar economic and demographic situations they face, make sense when examined in light of the state legitimation strategies. With this theoretical framework, we present case studies of the universal service systems of the two nations and in the following section identify the similarities and differences in the two cases. We finally return to the main theme of the paper, namely an explication of the two nations’ contrasting experiences in terms of universal service as they relate to their respective state legitimation strategies.

## 1. Prior literature on universal service policies in China and India

The universal service systems of both China and India have received significant attention from telecommunications policy scholars. On China, [Knight and Song \(1999\)](#) and [Harwit \(2004\)](#) have analyzed disparities between urban and rural areas in telecommunications access, while [Zhao \(2007\)](#) and [Shi \(2008\)](#) explore the factors inducing the Chinese government to promote universal telecommunications service. China’s universal service policy was found to be uncertain and inconsistent due to the ambiguous government and business roles as well as government-business relations, in terms of both regulatory incentives and regulatory governance ([Liu, 2012](#); [Xia, 2010](#); [Xia & Lu, 2008](#)). On India, books by [Chowdary \(2000\)](#) and [Desai \(2006\)](#) have informative chapters on universal service. [Noll and Wallsten \(2005\)](#) and [Malik and de Silva \(2005\)](#) provide overviews of universal service policies in India, and [Jain \(2010\)](#) and [Jain and Das \(2001\)](#) explore the costing models used in determining universal service subsidies. [Wu \(2010\)](#) analyzes the auction process used to allocate universal service funding, and evaluates the outcomes over time.

Despite the fact that China and India provide natural points of comparison to each other due to the similarities in their size, population and stage of telecommunications development, there are surprisingly few comparative studies. Among the few comparative studies, [Fink, Mattoo, and Rathindran \(2001b\)](#) found that “managed competition” appeared to be the key theme of Asian telecommunications policy where governments introduced competition but were unwilling to eliminate certain restrictions, particularly on the number of firms and the extent of foreign ownership. In a series of studies on the state of the Internet in India and in China, it was found that China had a clear lead because the Chinese government’s stronger and more decisive policy actions ([Press, Foster, & Goodman, 1999](#); [Press, Foster, Wolcott, & McHenry, 2003](#)). Focusing on the telecommunications policy-making process in China and India, [Liu and Jayakar \(2012\)](#) found that China’s policy system permitted radical change motivated by top-down political considerations, while India’s political checks and balances permitted only incremental change in policies. Telecommunications has also been one of the industries covered in more general comparative analyses of the two countries’ economies ([Cooper, 2006](#); [Saha, 2004](#)). However, none of these studies focused explicitly on a comparison of universal service policies in the two countries. It is this gap in the literature that this paper seeks to address.

A problem in analyzing universal service programs is the lack of a commonly accepted definition of what universal service represents. Though the term universal service has a long history ([Dordick, 1991](#); [Mueller, 1993, 1997](#)), there is also ambiguity about what services should be included in the universal service package. Initially applied only to basic voice service, universal service was gradually expanded to include other services such as long-distance, directory assistance, and emergency services. Periodically, there have been numerous proposals to expand the definition of universal service to include new and advanced telecommunications services, such as e-mail or Internet access ([Bollier, 1997](#); [Information Infrastructure Task Force, 1993](#); [Intelligent Network Task Force, 1987](#)), and more recently broadband internet access ([Federal Communications Commission \[FCC\], 2010](#); [Jayakar, 2011](#)). More ambiguity emerges in international comparisons of definitions of universal service: programs might address territorial dimensions (equitable coverage of regions, availability in all population centers above a certain size), demographics (rural residents, the disabled), or other criteria (affordability, special services, equivalent service) etc. ([Sawhney & Jayakar, 1999](#)).

To accommodate these varying definitions both across time and national jurisdictions, we propose to compare China and India on three dimensions of universal service identified by [Sawhney and Jayakar \(1999\)](#): territorial expansion, demographic expansion and layered expansion. In the territorial expansion mode, the emphasis of universal service programs is the extension or replication of networks and infrastructures across geographical space, whereas demographic expansion aims to provide access to progressively larger numbers of people. Layered expansion is the gradual increase in the number of

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