The Role of the State in Shaping Taiwan’s Cable Television Industry

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<Abstract>

At the outset of Taiwan’s cable television in the 1970s, the Taiwanese government banned the new medium, claiming political and national security concerns. Eventually, after more than one and a half decades of illegal operation, the Taiwanese government was forced, mainly by opposition parties, to enact a cable television law in July 1993 which legalized the industry.

Using a theoretical perspective drawn from the political economy of communications, this study presents a political, as well as historical, analysis of Taiwan’s cable industry through an examination of the role of the government and political parties. This study discovered that political and state influences by the Taiwanese government and the long-time ruling Kuomintang (KMT, Nationalist Party) have faded away since cable television was legalized. State power has soon been replaced by business conglomerates, which now dominate this industry. Taiwan has become a case in which new media have caused a decrease of the state’s power.

Keywords: Taiwan, Cable Television, State, Media, Political Party.
The advent of Taiwan’s cable television service in the 1970s brought more information and programming choices to the Taiwanese people, who before could only receive three government-controlled terrestrial television networks. At the outset of cable television, the Taiwanese government banned the new service, claiming political and national security concerns. However, after more than one and a half decades of illegal operation, the Taiwanese government was forced, mainly by opposition parties, to enact a cable television law in July 1993 which legalized the industry.

This legislation was regarded as a media revolution in Taiwan, as the government had previously used martial law to suppress new media outlets. Media observers and researchers predicted that the newly legalized cable industry would become a strong competitor not only to the electronic media but also to print media, bringing Taiwan more information and programming choices. A survey conducted at the end of 1994 showed that 87 percent of respondents said they would subscribe to cable television after it was legalized (Commercial Times, 14 November 1994).

Using a theoretical perspective drawn from the political economy of communications, this study presents a political, as well as historical, analysis of Taiwan’s cable television industry through an examination of the role of the state. This study begins with the literature review on the relationship between the media and
THE THEORETICAL ANALYSIS OF THE ROLE OF THE STATE

The intersection of the state and mass media can be traced back to the days when Julius Caesar posted the Acta Diurna, his own version of the day’s news, to balance the speeches of his opponents in the Roman Senate (Chaffee, 1975). In fact, the political influence of mass media has occupied the attention of holders of power throughout history (Gustafsson and Hadenius, 1976). Nevertheless, the interaction of the state and media varies depending on the political, economic and cultural systems surrounding them. In modern society, Frey emphasized that every sector of the economy inevitably, directly or indirectly, is affected by the state, including the media system, which produces and distributes information (Frey, 1978).

The State and the Media

Schiller notes that control of the media is generally a primary step toward the
acquisition of political authority (Schiller, 1969). Literature related to the control power of Communist countries often elaborates on how the state controls its media. Examining the relationship between the Communist Party and the media in Eastern Europe, Jakubowicz reveals that the Communist Party state sought to achieve absolute power, subordinating political, economic, military, ideological, and juridical power; at the same time, the media served as a centralized command system of the power controlled by the state (Jakubowicz, 1995:124-39). Thus, Jakubowicz stresses that '[t]he less democratic a state, the more it is likely to perceive all media as playing a political role and therefore as requiring strict supervision.' (Jakubowicz, 1995:124-39)

Whether a democratic or communist political system, Blumler and Gurevitch believe that all political systems must regulate the performance of media institutions one way or another (Blumler and Gurevitch, 1975:165-193). To better understand the interaction between the state and mass media, Blumler and Gurevitch propose a framework with four dimensions, by which the relationship of political systems and media systems can be explored and the consequences of this relationship can be hypothetically specified: (1) the degree of state control over mass media organizations; (2) the degree of mass media partisanship; (3) the degree of media-political elite integration; and (4) the nature of the legitimizing creed of media institutions (Blumler and Gurevitch, 1975:165-193). They claim that this framework 'can cover the most
important features of any country’s political communication structure.’ (Blumler and Gurevitch, 1975:165-193)

If the interaction of the state and media is inevitable, however, how does a state maintain the relationship without damaging the freedom of media? In Sweden, there has been a debate for several decades over whether it would be possible to provide selective state support without the risk that the media would become editorially dependent on the state (Blumler and Gurevitch, 1975:165-193). Those favoring such support contend that state support, at least, may pose a smaller threat to media independence than capitalist control, dependent on revenues from industry and advertisers. Therefore, the state of Sweden, assuming a measure of responsibility for media development, has sought to limit the free play of market forces (Blumler and Gurevitch, 1975:165-193). Gustafsson and Hadenius maintain, without departing from basic libertarian principles of media independence, Sweden has attempted to complement its media in certain respects, while ensuring that a form of state responsibility underlies its media policy (Blumler and Gurevitch, 1975:165-193).

It is interesting to note that very little theoretically or practically informed literature exists that examines the topic of state intrusions into the mass communications industry in contemporary American society. Most studies of the state’s influence on the media examine Third World, or European countries. In his
case study of the expansion of state power in Imperial Japan into the media, Kasza reveals that the state is everywhere seeking to control or direct more and more aspects of the media by, for instance, banning press circulation, inspecting films/scripts, and censoring radio programs (Kasza, 1998).

In Malaysia, the mass media have been employed by the state to promote the government’s policies and national ideology (Lent, 1978). Lent’s study on Malaysian mass media has indicated that the media and government are partners, but the government dominates the relationship (Lent, 1978). To maintain the partnership, or more precisely, to control the media, Lent states that the government may financially control the media by funding it, informally censor the media content by phoning its top officials with 'suggestions,' or legally instituting a government-controlled 'watchdog' organization to monitor the media and insure that they function in harmony with the aspirations of the nation. While Lent acknowledges that the state and the media are partners, he stresses that the control of communications is a primary step for states which intend to acquire or strengthen their political authority (Lent, 1978).

Sparks characterizes six roles, which the state can play to influence the mass media in Britain: the patron, the censor, the actor, the masseur, the ideologue, and the conspirator (Sparks, 1986:76-86). In the role of a patron, the state acts as the direct
economic benefactor of the mass media by funding them or placing government advertising, or as the market regulator of competition to ensure their profit. In the role of a censor, the state can enact a law as a positive censor, or enter into a 'gentleman’s agreement' as a negative censor. As an actor, the state has the inherent privilege of being the major source of the media news reporting. In the role of a masseur, the state can slant news to create a calculated public opinion. In the role of an ideologue, the state can influence the ideological orientation of media personnel, either unconsciously or semi-consciously. In fact as co-conspirators, Sparks argues that those at the top of the state and the media systems share a surprisingly high degree of experiences and interests, and they cooperate in controlling the nation together (Sparks, 1986:76-86).

In another article reviewing the role of the state in British broadcasting, Sparks indicates three ways in which the state intervenes in this medium (Sparks, 1995:140-159). First, the ruling party may place their partisans in key positions of influence on, say, the Board of Governors of the BBC, who, in return, encourage policies favored by the government. Second, the state may launch a series of political attacks on broadcasters so that the interests of the government are allowed to override editorial autonomy. Third, the state may change the regulatory framework governing the media, for example, by setting up a new statutory body to supervise the
media so that it can directly or indirectly affect media operations (Sparks and Deacon, 1995:140-159).

In addition to these apparent ways to influence the media, all governments covertly promote their own policies as part of the routine business of political life. Golding and Deacon refer to this phenomenon as 'the rise of the public relations state,' to describe a substantial increase in public relations activities between the state and media (Golding, 1994). In the United States, for instance, the government employs information specialists to encourage the nation’s media to broadcast the desired message to the general public (Gandy, 1982).

**Political Parties and the Media**

This section now turns to a discussion of the connection between political parties and the media. Since political scientists have rarely examined the connection between the state and mass media, Seymour-Ure argues that this failure to take account of the media 'has been a major omission from the study of (political) parties' (Seymour-Ure, 1974). Certainly, the connection is worthy of exploration since there is ample evidence that where both exist, there will be connections between them (Seymour-Ure, 1974).

The closest connection is when a political party owns and operates a newspaper.
This was largely the rule in Britain in the nineteenth century and, actually, can be found regardless of the nature of the party system and of the function of the party in the political system (Seymour-Ure, 1974). *Pravda*, a newspaper of the former Soviet Union, is a prime example in the one-party country. Seymour-Ure observes that *Pravda* was the organ of the Soviet Communist Party Central Committee and was controlled through the Department of Propaganda, *Agitprop*, which had five sectors in 1966, each for different areas of media organization (Seymour-Ure, 1974).

Comparatively, media in both Britain and the U.S. have long been more independent of political parties, even more than the media in other multi-party states such as Scandinavia and the Netherlands (Hoyer, Hadenius and Weibull, 1975).

Seymour-Ure (1974) proposes that the connection of the political party and media may be classified according to three criteria: (1) ownership and management, where political parties own or operate media, (2) goals and programs, where papers loyally adhere to party goals, and finally (3) members and supporters, where their voters are more or less also their readers. Political parties may support the media through subsidies, which are, or have been, common in the newspapers of Scandinavia, Latin America, Italy, Greece, Austria, South Africa, West Africa, Israel, and many Arab countries (Seymour-Ure, 1974). For instance, in Sweden, five political parties subsidized a total of 83 newspapers between 1945 and 1965 (Hoyer, Hadenius
and Weibull, 1975). In summary, Seymour-Ure (1974) contends that the media can be instrumental to political parties in different ways in different systems and at different stages of a political party's development.

However, the connection between political parties and the media has weakened due to various factors (Hoyer, Hadenius and Weibull, 1975). An increased audience size strengthens the media's position economically and politically. Additionally, the increased diversity of the audience requires the media to adopt more independence from political parties. Also, the concentration of media ownership in the industry has loosened their ties to political parties. Finally, some research argues that governments have replaced the political parties as the most active partners of the media in the political area (Hoyer, Hadenius and Weibull, 1975).

The Role of the State: A More Powerful or Less Powerful State?

Since the 1970s, it has been debated whether the use of new media has made the state vulnerable. Kasza (1988) notes that the expansion of the power of the state over its subjects is the most distinctive political characteristic of the twentieth century. However, after analyzing a number of studies exploring the relationship between the state and media, Braman did not reach the same conclusion as Kasza's, at least where the mass media was concerned (Braman, 1995:4-24). On the contrary, she discovers
both increases and decreases in state power that have resulted from the use of new communication technologies. Braman maintains that some forms of power are strengthened, while others are weakened in combinations that vary from state to state (Braman, 1995:4-24)

TAIWAN, THE KMT STATE, AND ITS POLITICAL BACKGROUND

The preceding literature has shown that national governments are capable of influencing their media through different methods, and described some of the ways that political parties intervene in media operations. In this section, my study turns the focus to the political background of Taiwan.

The Kuomintang (KMT, the Nationalist Party) government has been ruling since the Nationalist government retreated from Mainland China in 1949. The origins of the KMT can be traced back to several political organizations founded by Dr. Sun Yat-sen. In 1894, Dr. Sun formed his first revolutionary organization, the Hsing Chung Hui (the Society for Regenerating China), in Honolulu, Hawaii (Government Information Office, 1996). In 1911, Dr. Sun’s followers launched a rebellion in South China resulting in the fall of the Ch’ing dynasty and the establishment of the Republic of China (ROC), the first democratic republic of Asia. In January 1912, the Tong Meng Hui (the Revolutionary Alliance)—founded by Dr. Sun in Tokyo in
1905--organized a provisional parliament in Nanking and elected Dr. Sun to the presidency of the ROC which was founded at the same time. In August, the Tong Meng Hui merged with other groups to form the Kuomintang. In 1949, when the KMT led by Chiang was defeated by the Chinese Communist Party (CCP) led by Mao Tse-Tong during an arduous civil war, the ROC government, the then-ruling KMT, and the Nationalist military fled to Taiwan (For details of the history of the ROC and the KMT, see Copper, 1996). In Taiwan, Dr. Sun remains respected as the founding father of the country. Inspired by Dr. Sun’s teachings, the new government of the Republic of China on Taiwan regained autonomy and organized its own political and economic institutions (Gold, 1986).

To establish an ideal social framework for modern China, Dr. Sun created national socialism--a program which combined his ideas with those of the German government under Bismarck and with those of the post-Meiji Reformation government of Japan (Shang, 1992). The program featured state intervention in the economy, government monopolies in public utilities and special sectors of the economy, the provision of social welfare programs, followed by the collateral development of education facilities and a mass communications and transportation infrastructure (Feng, 1992:6). Over the past several decades, while Taiwan’s economic development is widely admired, views on its political system were much
more controversial, because of decades of one-party rule (Sutter, 1988). Even though Taiwan lifted martial law in 1987, allowing people to organize political parties and leading to their proliferation, the KMT remains the actual ruling political force. In the following section, my study demonstrates that how the KMT state, the ruling KMT and the government, plays a significant role in Taiwan’s cable industry.

**POLITICAL PARTIES’ INTRUSION INTO TAIWAN’S CABLE INDUSTRY**

As Owers, Carveth and Alexander stress, the overall nature of a country’s political organization is clearly a fundamental factor in the determination of the media industries and business practices of media firms (Owers, Carveth and Alexander, 1993:3-46). In Taiwan, the history of journalism has shown the close links between media and the KMT regime (Chen, 1998). Moreover, a remarkable phenomenon of the cable television industry, as James A. Robinson, a long-time observer of Taiwan elections and political development, names it, ‘political cable’ (Robinson, 1996:30-31). The emergence of ‘political cable’ in Taiwan was the result of retaliation for the decades-long monopoly of electronic media by the ruling KMT. Since the 1990s, a large number of then illegal cable television systems have been financially or politically sponsored by political figures, particularly the members of the largest
opposition party, the Democratic Progressive Party (the DPP\textsuperscript{3}), who sought media outlets to promote their election. Even though the political figures of the KMT and the New Party (the NP), the third largest political party in Taiwan, eventually realized the value of cable television for their own political purposes, the DPP founders got there first (Robinson, 1996:30-31).

In Taiwan, the political interest in cable television is not surprising since politicians have discovered that cable television can be used as a powerful vehicle to promote their goals. This argument is definitely true for DPP politicians because their campaigns have been materially aided by cable television operators, while the KMT still controls all three terrestrial television stations and the main radio stations (Liu, 1993:32-37). More importantly, the partnership between cable television operators and politicians is mutually beneficial. By joining the cable television industry, politicians may extend their local connections and political power, especially in regard to elections. For cable television operators, politicians can perform as influential representatives and lobbyists for their business goals (Tsao, 1996).

A survey, conducted by a Taiwanese newspaper at the end of 1994 revealed that 45 politicians, most of them DPP members, are connected to or operate roughly 39 cable television systems (\textit{Economic Daily}, 29 November 1994). Another report in March 1997 showed that more than 30 politicians had invested in or were connected
to one or more cable television systems (Tsao, 1997). In fact, all three of Taiwan’s major political parties currently have allies among cable television systems. However, as of mid-1997, only the KMT had a direct financial stake in cable systems through its subsidiary Po-Hsin Multimedia. The ownership associated with the NP and the DPP was already well dispersed, and both two parties were conservative about direct investments by political parties in the cable industry (Baum, 1993:74-75,78).

The Ruling Kuomintang (the KMT)

The ruling KMT is considered the most accomplished political party in terms of making money in the world (Peng, 1996:56-59), and the richest ruling party in the non-communist world (Baum, 1994:62-65). Economists in National Taiwan University estimated that the 1991 book value of the KMT’s assets in its registered corporations at US$15.38 billion (NT$500 billion) (Baum, 1994:62-65). In a survey ranking sales, assets and net worth in 1994, the KMT was the top sixth business conglomerate with yearly sales of US$1.54 billion (NT$50 billion), assets of US$10.92 billion (NT$355 billion), and net worth of US$2.98 billion (NT$97 billion) (Excellence, 1995:57).

Filled with a persistent ambition to compete with the DPP in the cable television business, in which the DPP has already grabbed a significant share of the market, the
KMT founded a subsidiary, Po-Hsin Multimedia, in 1993 with a strong backing of entrepreneurs linked to the KMT. Although Po-Hsin had sufficient capital (US$123 million, or NT$4 billion) to increase its market share, intensive competition in the cable industry delayed its mergers and acquisitions of existing cable systems. More crucially, the KMT has a notorious track record of controlling electronic media for propaganda purposes. Most cable operators worry about this being the intent of its investment, which has also inhibited Po-Hsin from expanding in the industry.

Po-Hsin owned or distributed five cable channels, including one information/news channel, one Japanese drama channel, one general entertainment channel, one financial channel, and the Disney Channel in 1995, none of which were profitable for the company. Take its information/news channel as an example. The channel lost an average of US$615,000 (NT$20 million) per month in 1996 (Chu, 1997:11). After accumulated losses of more than US$12.3 million (NT$400 million) within its first two operating years, Po-Hsin shut down its information/news channel and discontinued its distribution contract with the Disney Channel. Currently, with only one Japanese drama channel in hand, Po-Hsin's major business is to uplink television signals for cable channel operators. A market analyst states that Po-Hsin has lost its dominant role in the cable television industry (Cho, 1997:39-41). In addition to its ineffectual effort at cable channel operation, Po-Hsin invests in nine
cable television systems with approximately 280,000 subscribers island-wide. However, Po-Hsin merely owns an insignificant share of its systems, ranging from 1.5 percent to 12 percent, with the total capital of US$6.9 million (NT$225 million) (Po-Hsin, 1997). In fact, cable television is not a profitable business for the KMT.

The Largest Opposition Democratic Progressive Party (the DPP)

The DPP was established by some Tang-Wai (meaning 'party outsiders' of the KMT) activists in September 1986, one year before martial law was lifted (Sutter, 1988). Even though Taiwan lifted its martial law in July 1987, and followed by removing restrictions on printed media, government control over electronic media continued. For years, opposition political figures have complained of bias in news reporting by the three government-dominated terrestrial television stations and fought for fair coverage of their activities. Until the 1990s, numerous small size, limited-audience cable television systems have been set up, several of them by politicians from the DPP (Robinson, 1996:30-31). The first pro-DPP democratic cable television operation, Chung-Ho Cable System, was founded in February 1990 (Tsang, 1991:166-168). Considering that the KMT controls all three television stations and most radio stations in Taiwan, the DPP regarded cable television as a means to promulgate its platform and ideology, to help lay the framework to seize
political power, and eventually, to overthrow the ruling KMT (Shang, 1992).

In October 1990, the DPP announced the formation of the Taiwan Democratic Cable Television Association in Taipei, with its chairman as the director (Shang, 1992). This was a group of around 50 cable systems that broadcast speeches and current affairs programming favorable to the DPP (Baum, 1993:74-75,78). In return, the DPP protected the member systems of the association from the government’s crackdown and led them in seeking legalization. In fact, many existing systems sought the protection of DPP politicians by supporting their political stances at that time (Liu, 1993:32-37).

According to the Economic Daily, more than 20 politicians from the DPP had investments in the operation of 35 pro-DPP cable television systems in 1994(Economic Daily, 29 November 1994). In fact, the DPP opposed the ownership of any business by political parties. Thus, even though its party members owned cable systems, the DPP itself, unlike the KMT, does not have a direct financial stake in any cable television system. Mao-Chou Lai, board member of nine pro-DPP cable systems and general manager of Taichung Cable Television Company, echoed the DPP's stance that political parties should not invest in or operate any cable television systems after cable legalization. He also commented that since cable television has been legalized, it has become a regular enterprise rather than an illegal business, with
a need to be safeguarded by a political party or single politician. In fact, politicians have had lesser influence on the cable industry than before; instead, shareholders’ interests in terms of making money have become the priority (Lai, 1997).

THE REGULATORY PROCESS OVER TAIWAN’S CABLE INDUSTRY

The impact of the government, including all formal and informal techniques and processes by which the government exerts its influence, come from many sources—legislation, regulation, licensing, judicial rulings, and official threats and pressure (Rivers, 1975:217-236). This section focuses on its regulatory process over Taiwan’s cable industry, reviewing how the government exercised its influence on the legalization of cable television.

When the Temporary Provisions (The Temporary Provision was appended to the constitution in 1948 giving the ROC president extra-constititutional powers such as curbing political and press freedoms that might support the Communist cause.) of 1948 were abolished in 1991, the Taiwanese people expanded their search for a more diverse and richer media environment. Benefiting from political liberalization and consistent economic growth beginning in late 1980s, legalization of cable television has became a very important issues for the Taiwanese. In fact, the legalization of cable television has several advantages for the KMT State. First, the impact cable
television has on the public will be not as great as that of terrestrial television since cable service is regional and is paid for by subscribers. Second, the initial government decision to set up cable television was that the cable hardware system should be state-owned, allowing the KMT State to physically control all of the cable service. Third, there will be no pressure from the opposition for a period of time to open up more frequencies for radio and television stations. Finally, the government can protect its national language policy from demanding more television programming in dialects (Chang, 1991). In sum, the KMT State determined to legalize cable television under the condition that the government is able to control the medium (Shang, 1992).

The Taiwanese government did not acknowledge the importance of legalizing cable television until 1982, when the Government Information Office (GIO), Taiwan’s regulatory institution on media, invited seven experts in mass communications to make recommendations on the future development of Taiwanese electronic media (Wu, 1990:42-47). After four meetings, the group concluded that cable television was viewed as the best way to develop television communications (Wu, 1990:42-47). In August 1983, the Executive Yuan (the State Department of Taiwan) decided to form a committee, the Cable Television System Working Group, to conduct research and evaluate the potential impact of establishing cable television systems in Taiwan.
Nevertheless, a series of reports and positive research was not enough to actually motivate the government to legalize and regulate Taiwan’s illegal cable television operation at that time. The unwillingness or delay in regulating the cable industry resulted from various concerns. First of all, the opposition DPP came to operate more and more cable systems around the island and increased their access to the electronic media for both commercial and political purposes. Second, top government officials were worried that the legalization of cable television would lessen governmental control over the electronic media and fuel the anti-KMT opposition (Chang, 1991). In other words, by keeping cable television illegal, the government for either legal or political reasons, could impose crackdowns whenever it deemed necessary. Third, due to national security concerns, the Taiwanese government was rather conservative toward innovations, especially innovation involving communication technologies (Chu, 1994). And last, the vacuum of Taiwanese political leadership in the late 1980s, before and after the end of martial law, rendered policy makers unable to keep up with businessmen’s needs, resulting in many types of illegal practices confronting outmoded regulations and paralyzing enforcement agencies (Mark, 1992).

In 1985, the GIO initiated a study to evaluate the feasibility of developing a legal cable television system. Two years later, the study concluded that the most suitable
cable television system was an information-oriented, 'government-designed and privately-owned' cable system (Government Information Office, 1991). In accordance with the requirement of its final report, the Executive Yuan established the Cable Television Study Committee. In April 1989, the Committee suggested that the government take active steps to develop a cable television system. On month later, the Executive Yuan approved the recommendation, assigning the GIO to bear the responsibility for drawing up the cable television law (Ibid.). In December 1989, the Cable Television Special Task Force formed by the GIO presented a proposal for developing a cable television system to the Executive Yuan (Government Information Office, 1992).

In 1990, the Executive Yuan finally authorized the GIO to set up the Cable Television System Commission to draft the Cable Television Law. After a series of meetings and public hearings, the cable law was drafted by the Commission, with the hope of keeping illegal cable television under the government’s control. The Executive Yuan ultimately passed the Cable Television Law (draft) after eleven discussion meetings and sent it for review to the Legislative Yuan (the Congress of Taiwan) in January 1992 (World Journal, 30 January 1992).

During the review period for the draft cable law, one of the most controversial articles added by the legislature was the ban on political party ownership of cable
systems, which was backed by opposition parties but disapproved of by the KMT (Baum, 1993:61). Before the article was added to the draft cable law, the KMT had already set up Po-Hsin Multimedia in order to be ready to take a share of the cable market upon the enactment of the cable law. Thus, the KMT strongly objected to the prohibition and urged its lawmakers to turn down this article. As a result, although opposition political parties firmly supported the ban, the Legislative Yuan, controlled by the majority KMT, rejected the article and allowed political parties to finance cable systems.

Another controversial provision favored by the KMT involved the debate on how many systems should be allowed to operate in each cable franchise area. Originally, the Executive Yuan proposed the one-district-one-system rule; yet, critics charged that this idea would result in a monopoly of the cable market by business conglomerates or influential political parties (Liu, 1993:32-37). More importantly, for various political and economic reasons, almost every legislator was against the idea (Peng, 1994:97-110). In fact, by promoting the idea of multiple systems in one franchise area, opposition political parties wished to break the possible monopoly of the cable market by the ruling KMT (United Daily News, 2 July 1993). Additionally, various lobbying groups, especially the underground cable operators, effectively advocated the multiple systems with the hope of participating in the legalized cable market (Liu,
1993:32-37). At the end, the KMT failed to pass the article allowing monopoly and it was revised to allow up to five system operators in each franchise area. In July 1993, more than a decade after the first official proposal suggesting the legalization of cable television, the Legislative Yuan passed the Cable Television Law, finally furnishing the legal foundation for the island-wide, previously illegal, cable television operation.

The Cable Television Law includes 9 chapters and 71 articles. Article One emphasizes that this Law is enacted to promote the sound development of the cable television industry, to safeguard the audio-visual rights and interests of the public, and to promote the well-being of society. Compared with Article One of the Broadcasting and Television Law, it relies less on interference from the government and imposes less obligation for the national welfare. Cable television has diversified Taiwan’s electronic media industry; however, the argument about whether Taiwan’s electronic media will soon have the same sort of pluralism that characterizes its print media needs further examination.

**CONCLUDING REMARKS**

Among determinants that affect Taiwan’s cable industry, the role of the KMT State has been regarded as a crucial one in the development of cable television, even
though its role has regularly changed according to various internal and external forces. During the 38 years of martial law, the government prohibited individuals from publishing newspapers and applying for broadcast frequencies for radio and television stations. Since then, strict control over the mass media by the government, or more precisely, by the ruling KMT, was not relaxed until political and media reforms were continuously advocated by the opposition DPP beginning in the late 1980s.

After martial law was lifted in 1987, the government gradually compromised, allowing legalized cable television under the condition that the government would continue to influence the medium (Shang, 1992). As this study has shown, however, the government has lost its authoritarian power over the cable industry since it legalized cable television in 1993. As Chong-Jan Hong, the then-Director of the Department of Radio & Television Affairs of the GIO, stresses, the government now is to assist and guide, instead of prohibiting and punishing, the cable industry (Hong, 1997). Braman (1995) notes that the decrease or increase in state power caused by the use of new communication technologies varies from country to country. Taiwan may be a case in which new media have caused a decrease of the state’s power.

Similar to the government, the ruling KMT failed in its effort to control the cable industry after cable legalization because the DPP and its political officials had extended their political power throughout the industry earlier than the KMT and had
already gained a substantial share of the market. Although the KMT established its own subsidiary, Po-Hsin Multimedia, in 1993, with an attempt to control the cable industry by purchasing a 1.5 to 12 percent share in nine cable systems, its share and role was not significant in the market. In conclusion, the influence of the KMT State, including its government and political parties, over Taiwan’s cable industry has been fading.
NOTES

1. This article is a revised version of a paper originally presented to the International Communication Association (ICA) convention in San Francisco, May 1999.

2. The KMT lost the presidential election in 2000 and has become the opposition party of Taiwan since then. In total, the KMT has ruled Taiwan for more than 50 years.

3. The DPP won the presidential election in 2000 and has become the ruling party of Taiwan since then.

4. Although the exchange rate between US dollars and New Taiwan (NT) dollars varies from time to time, the exchange rate throughout my study remains at US$1=NT$32.5
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