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State, power and mobile communication: a case study of China

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Abstract

China's telecommunications and information industry has seen unprecedented growth since the turn of the century, with the mobile telephony sector driving significant expansion. This article examines the Chinese government's strategy for managing the complexities of socio-economic changes created by the widespread adoption of mobile telephony. The study found that the government's adoption of subtler forms of power establishes a relational contract with Chinese telecommunications and information industry partners and citizenry as a foundation for implementing the strategy of controlled commodification. This contract acts to modify and clarify operational boundaries within private and public spheres in an attempt to manage often competing economic, social and political objectives.

Key words

China • commodification • control • mobile telecommunications • telephony

The impact Of China's transformation to a socialist market economy and quickly expanding consumer class has been no more apparent than in the domain of digital technology. User adoption of new digital technologies has been described as 'an infatuation' with the Chinese population, which is quickly integrating new products and services into its daily life (Interfax, 2004). A key technological area in which this infatuation is clearly evident is the

telecommunications domain. According to China's Ministry of Information Industry (2006a), almost 400 million people or one-third of the population of 1.3 billion, subscribe to mobile telephone services, making it the largest mobile market in the world.

Under the Chinese government's aggressive program of high-technology development, the telecommunications and information industry has become a privileged entity with the issuing of special policies relating to taxation and land use rights (Interfax, 2004). Yet even though the industry has seen spectacular development and growth since the turn of the century, the infatuation with mobile technologies has seen the government struggle to balance often competing economic and social dimensions derived from such rapid expansion of digital products and services (Lu and Weber, forthcoming 2008).

Rheingold (2002) predicted that the development of mobile technology would lead to the next 'social revolution', in which the world becomes connected by networks, with existing social hierarchy and power structures inevitably undergoing a reshuffle. However, Winston (1998) argues that the 'law of suppression' applies in such contexts of rapid technological development, whereby 'sufficiently amenable conditions' are needed both to promote the adoption of new information and communication technologies (ICTs) and to prevent the negative consequences of such developments and integration into established social systems. In the context of China's socialist market economy, the government sees its role as an active and central participant in establishing such conditions. Accordingly, authorities approach this objective through the philosophical lens of 'new authoritarianism', as defined by the logic of controlled commodification. This logic balances economic and political objectives to define the types of 'amenable conditions' for commercializing China's telecommunications and information industry through the establishment of a relational contract between state, industry partners and citizenry.

This article explores the Chinese government's strategies to maximize the economic benefits of rapid technological change through commercialization of mobile telephony and to minimize potential threats to economic, social and political stability. We focus the analysis specifically on how the government prioritizes and blends different forms of power to support these multiple and often competing objectives. This analysis is significant in revealing the subtler forms of control modalities now employed by Chinese authorities to manage the economic and social issues emerging out of the rapid commodification of technology within this socialist market economy.

NEW AUTHORITARIANISM, LOGIC OF CONTROLLED COMMODIFICATION AND THE USE OF POWER

Underpinning China's 30-year transformation has been the adoption of the Four Modernizations in 1979, which focused on strengthening agriculture,

industry, technology and defense (Volti, 1982). This modernization process was tied intrinsically to the gradual reform of the economic system under the rubric of a socialist market structure. Accordingly, considerable pressure has been placed on the primacy of the Chinese Communist Party to remain relevant to an increasing number of financially-independent citizenry.

Recognition of the difficulties that China has faced in implementing this reform process is evident in the refining of political philosophy around subtler forms of control modalities to better guide the implementation of the socialist market economy. This new philosophical position, loosely described as 'new authoritarianism' (see Wu, 1989; Xiao, 1989) is based on strong cultural leadership (or hegemonic norms) as a way of subtly maintaining a stable, peaceful social and political environment during the critical transformational stages of modernization. Zhang (2005) summarizes the various perspectives of this philosophy into two major characteristics. First, in political terms the state controls the public sphere, including political power and public opinion. On the other hand, the state allows for the opening of the private sphere to increase transparency of government and provide citizens with some opportunities for expanded freedoms relating to social and economic justice issues (see Ding, 2002). Second, in economic terms the state promotes the adoption of a market economy structure, but maintains a high degree of control over the market through strategic intervention. When this political philosophy is played out within the volatility of a market economy, the government's emphasis on economic development is adjusted often through policies and regulations to correct the deficiencies of the market and accelerate legislative processes relating to business laws. While a number of authors (see Hachigan, 2002; He, 2002; Xu, 2005; Yang and He, 1994; Zhao, 1998) have discussed the centrality of this philosophy in developing the socialist market economy, examples of decision making exist which exemplify this philosophical position in dealing with competing interests. For example, the telecommunications and information industry offers a range of contemporary examples in which the government manages dichotomized social spheres found within the economic and political domains, as well as blurred boundaries between the public and private spheres (see Kalathil and Boas, 2003; Qiu, 2007; Lu and Weber, 2006, forthcoming 2008).

One of the key factors in the Chinese state sustaining its influence and control within a socialist market economy is the repositioning of the state-run telecommunications and information industry (including mainstream media) as a more effective and responsive contributor to economic development through a process of strategic commercialization. Under China's economic reform, the government shifted its thinking on the telecommunications and information industry from one of solely being a tool to propagate the government's political ideology to one of harnessing its commercial potential to deliver consumers to service providers. Accordingly, Chinese mobile carriers and service providers

facilitate the exchange of digital services and content — whether telephone calls, messages, ringtones or mobile gaming — which is calculated to ensure maximum return on the capital investment and expenditure required to build China's modern, state-of-the-art digital infrastructure and meet the needs of an emerging consumer-oriented Chinese society (Lu and Weber, forthcoming 2008). Such technological commodities are stamped with the 'sameness' for interchangeability across digital technology platforms, which increase profitability within a controlled telecommunications and information market. In so doing, the government has effectively refocused the industry to allow it to become more responsive to market forces.

This focus on commercialization within the telecommunications and information industry reflects China's overall transformation through a process of strategic commodification. Typically, commodification refers to those processes through which social relations are reduced to an exchange relation (Goldman et al., 2003). However, any discussion of commodification today extends to the telecommunications and information industry as it is transformed into controlled commodities which enhance desired, although abstract, social relations. In fact, the success of the commodification of technology in China is seen by the government as a way of magnifying the types of positive social relations that are not only beneficial but essential for national development (*guojia fazhan*) and nation building (*guojia jianshe*) or the bringing together of peoples by adopting common values and practices (see Weber, 2002; Lu and Weber, forthcoming 2008).

If such abstract systems of social relations are to be effective, Giddens (1990) argues that 're-embedding mechanisms' are crucial to their success. In referring to such mechanisms, Giddens (1990: 88) focuses on the processes in which 'faceless commitments are sustained or transformed by facework'. Notions of facework operate within specific interactions between participants in these abstract systems of social relations. Accordingly, people respond to the facework of others, which sustains abstract relational systems through the building of trust (Goldman et al., 2003). Evidence of such trust-building mechanisms within the Chinese context exists in the party's initiatives for 'reinventing government' — making government more efficient, responsive and transparent — to assist China's transition to a socialist market economy (see Stiglitz, 2003). Two key administrative rationalizations within the telecommunications and information industry underpin these initiatives:

1. Development of an information system that is basically transparent, allowing multi-dimensional reports on and data about social and economic problems to flow into responsible state agencies and officials, without being distorted, delayed or just omitted; and
2. Creation of legally regulated channels through which the ordinary citizen can routinely express their non-political demands for social and economic justice. (Ding, 2002:212)

However, this new environment poses significant challenges for the Chinese government as it proactively develops its digital infrastructure. On the one hand, the government desires an open, modern and efficient economy, including a state-of-the-art telecommunications and information infrastructure which capitalizes on the potential of a booming information sector to maintain China's impressive economic growth including a growing knowledge or digital economy. On the other hand, authorities desperately want to control the flow of news and opinion, especially dissent, within legally regulated channels because of the fear that a well-informed online citizenry could mobilize social groups for political protest, creating social instability (see Hachigan, 2002; Mueller and Tan, 1997; Tsui, 2003). Of major concern in this regard is the rise in the use of online communication for civic protests, as illustrated by the SARS health crisis in 2003 (Weber and Lu, 2006). Supporting this growing fear is the increase in mass actions throughout China since the SARS health crisis with numbers growing from a few thousand to 74,000 civil actions recorded at the city and county levels from July 2003 to July 2005 (Cheng, 2005; *The Economist*, 2005).

As this increase in civil actions suggests, there exist significant risks for the government if the vision of a more open technological environment to enhance social relations (i.e. government—citizen) is to be realized within a reforming economic structure. Within this context, this developing system of social relations built around controlled commodification exhibits a worrying quasi-Sartrean or a 'winner loses' logic. This logic suggests that in the government providing a digital infrastructure to enhance people's lives, citizens must pledge their solidarity to the government's cultural leadership under the strategy of controlled commodification, which balances China's economic gains with nationalistic notions of nation-building. Accordingly, citizens are asked to trade off limited political and social freedoms for expanded economic freedom and increased financial independence (Lu and Weber, forthcoming 2008).

Success in managing these competing forces depends on the Chinese government's strategic manipulation of different types of power. Braman (1995) suggests a theoretical framework to analyze the relationship between state, power and information and communication policy in the new era of information societies. According to Braman (1995), three kinds of traditional power are often employed by governments:

- instrumental — power over the individual body through coercive actions such as incarceration;
- structural — power over behaviors and decision-making through law, policy and regulation; and
- symbolic — power over thoughts and perceptions.

Additionally, the development and deployment of new information and communication technologies (ICTs) has nurtured a new form of power, that

of 'transformational' (power to transform information or materials through multiple interdependencies such as regulatory bodies and non-state entities). Braman (1995) argues that these different forms of power coexist and work in compensatory ways, maximizing the strengths of each to offset weaknesses. Usually, the increase in the use of one form of power is accompanied by the decrease in the use of other forms of power.

To understand how Chinese authorities strategically appropriate forms of power, it is critical to develop a deeper understanding of the development of the telecommunications and information industry from economic and social perspectives. To this end, this study focuses specifically on the mobile telephony sector, which stands at the vanguard of China's digital futures. In so doing, we examine the government's responses to unexpected mobile facilitated information flows, which have emerged from the wide applications of digital technologies in Chinese society.

DEVELOPMENT OF CHINA'S MOBILE TELEPHONE SECTOR

According to the Ministry of Information Industry (2006a), China's mobile phone user numbers have shown remarkable growth since the turn of the century, making it the largest mobile market in the world. Within this period of development, mobile user numbers have more than quadrupled from 84.5 million (just over five percent of the population) in 2000 to 393.4 million users by 2005. Given these figures, the penetration rate of mobile phones has reached 30.3 percent of the national population. Eastern developed areas have the highest penetration levels at 47.7 percent. Accordingly, usage has increased dramatically to 1250 billion minutes in 2005, a rise of 32.6 percent from 2004 figures, contributing to significant financial returns for the telecommunications industry. Revenues in 2005 totaled RMB 579.9 billion (\$72.5 billion), an increase of 11.7 percent on 2004 figures of RMB 518.76 billion (\$64.85 billion) and a 66 percent increase on 2000 returns of RMB 349.8 billion (\$43.7 billion). Within the industry, the mobile telephony sector contributed almost half of all revenues (44.53 percent), rising to RMB 258.2 billion (\$32.28 billion): an increase of 15.7 percent year-on-year.

Operationally, the Chinese government retains control over the telecommunications industry through two carriers, China Mobile and China Unicom, within the domestic market, both of which are listed on the Hong Kong Stock Exchange. China Mobile operates GSM (Global System for Mobile Communication) in all 31 provinces, autonomous regions and directly administered municipalities in mainland China through provincial subsidiaries. It has secured a market share of 64.3 percent nationally and domestic network coverage of 99 percent of the cities and towns within its service areas. Accordingly, China Mobile posted operating revenues of RMB 243 billion (\$30 billion) in 2005, an

increase of 26.3 percent from 2004. As of the end of 2005, the total number of subscribers was 246.6 million, a rise of 20.7 percent from 204.3 million (China Mobile, 2006).

China Unicom provides both GSM and CDMA (Code Division Multiple Access) services in 30 provinces, municipalities and autonomous regions in China through its China Unicom Corporation Ltd and Unicom New World Telecommunications Corporation Ltd. It also provides international and domestic long-distance calls, data communications and internet and telecommunications value-added businesses nationwide. China Unicom reported revenues of RMB 87 billion (\$11 billion) in 2005, a rise of 10.1 percent from 2004. By the end of 2005, China Unicom had secured 127.79 million subscribers, an increase of 14 percent year-on-year (China Unicom, 2006).

To date, China's mobile carriers offer five types of value-added services: SMS (Short Messaging Service), WAP (Wireless Application Protocol), MMS (Multimedia Messaging Service), J2ME (Java 2 Micro Edition) and BREW (Binary Runtime Environment for Wireless). Typically, service providers sign contracts with mobile carriers which agree to share a percentage of the profits for signing up users to the five value-added services. Under this arrangement, service providers have been given a considerable degree of autonomy through businesses ownerships. For example, among all the service providers, Tencent, NetEase.com, Sina.com.cn, Sohu.com, Kongzhong.com and Linktone.com are the major players in providing value-added services. Instead of coming under direct control of the government, these companies have procured financial independence through a variety of investment sources and public listings on the United States-based NASDAQ.

Of the value-added services on offer, SMS is by far the most heavily used in the market. Because SMS is text-based, its contents are comparatively simple and the service itself has low requirements on transmission capability and network bandwidth. According to the Ministry of Information Industry (2006a), 30.5 billion SMS messages were sent in 2005, representing an increase of 40 percent from 21.7 billion messages in 2004, with revenue reaching RMB 45 billion (\$5.6 billion). iResearch (2005) predicted that this figure would rise to RMB 61.5 billion (\$7.7 billion) by 2006. The average mobile telephone user spends approximately RMB 30 (\$3.70) per month on SMS. A study conducted by iResearch (2005) indicated that most of the respondents reported the average cost for SMS was under RMB 60 (\$7.50) per month. Of this amount, 39.4 percent of users indicated that their expenditure falls into the range of RMB 20 (\$2.50) to RMB 40 (\$5) per month, while 34.6 percent users spent less than RMB 20 (\$2.50) per month on SMS (iResearch, 2005). Together, the findings from both surveys support current predictions that the telecommunications and information industry will continue to rely on SMS until 2010, as the market and user tastes mature and the transition to MMS gains momentum.

Supporting this commercialization of the industry is the use of transformational power. Braman (1995) argues that this form of power is present in information or digital economies because it helps to create 'multiple interdependencies with . . . state and non-state entities in ways largely dependent upon the use of the global telecommunications networks for information creation, processing, flows and use' (Braman, 1995: 15). Accordingly, several key telecommunications stakeholders, with a variety of ownership structures, are encouraged to participate in developing China's mobile telephone sector, including state-owned mobile carriers, public-listed value-added service providers and individual users. As a result, decision-making procedures in this commercialized sector reflect complex adaptive systems that exercise autopoietic functions with the involvement of different stakeholders. While decision-making by industry groups is driven by commercial responses to market conditions and profit-making, the government retains an active, although subtle, role in maintaining levels of control over the mobile phone sector through state ownership of mobile carriers.

While the current management structure has contributed to significant growth in the mobile industry, such economic returns obfuscate a growing undercurrent of unethical business practices by official and unofficial service providers. The most serious problem is the overcharging of SMS users through various forms of billing inaccuracies. According to China's Ministry of Information Industry (2006b), 'inappropriate fee' charges for SMS was the most common complaint by users (1386 of 3789 filed grievances) in the mobile telephone sector during the first quarter of 2006. Other grievances filed by users regarding SMS included service providers securing subscriptions for services without notice, not permitting the cancellation of subscriptions, failing to explain pricing adequately and changing the pricing of services without notice.

To address these problems, the Ministry of Information Industry (2006b) introduced a raft of new rules to regulate how users subscribe and unsubscribe to SMS services. First, the rules made it easier for mobile telephone users to cancel wireless, value-added monthly subscription services. Second, they made it more difficult for service providers to sign up users to new wireless value-added services without permission, with subscribers now required to send an SMS message using their mobile handset to confirm the services they had ordered through internet providers. Third, mobile carriers were directed to stop providing billing services to unlicensed service providers, which enabled the billing of users through large providers. This relationship had helped to boost SMS traffic for small local and regional service providers and larger portals through revenue sharing partnerships. Fourth, carriers were instructed to upgrade their systems to cancel services automatically which remained inactive for three months. Together, these initiatives were designed to strengthen the ethical conduct of businesses within the telecommunications and information industry.

Given the implementation of these new rules to guide development, generally the Chinese government has achieved its goal of balancing transformational and structural power. While transformational power established multiple interdependencies to nurture commercialization of the industry and achieve rapid growth in user numbers and profits for industry stakeholders, structural power corrected what the government deemed as weaknesses in the market structure to protect the integrity of the industry. Through this form of power, the government has regulated industry behaviors to protect mobile users from unethical practices and thus maintain confidence in the industry as well as profit revenue streams.

MOBILE PHONE-BASED INFORMATION FLOWS

As the economic imperatives of the telecommunications and information industry continue to drive the mobile telephone sector, a number of social concerns exist over mobile phone-based information flows. Three examples illustrate the complex challenges that the government faces as it attempts to apply power within private and public spheres to regulate entrepreneurial activity within the industry and user appropriation of mobile technologies in unexpected and creative ways. Each one of these emergent challenges poses specific problems for the government in relation to establishing cultural leadership and rationalizing the trade-off of key social and political freedoms for economic freedom and increased financial independence.

Public health crises clearly illustrate the challenges faced by the government in managing the public and private spheres where SMS has played a critical role in disseminating information. For example, the use of SMS in civil engagements and subsequent protests has emerged as a major issue for the government. At the early stages of the SARS epidemic, the government officially denied that there was an unknown disease in Guangdong Province and later in Beijing. However, rumors about this disease were quickly disseminated among the residents in SARS-affected areas through a variety of non-authoritative communication channels, such as mobile telephones (specifically SMS) and internet chatrooms (see Weber and Lu, 2006; Yu et al., 2003).

In responding to the citizens' challenge to authority, the government attempted to set more concrete boundaries to define public and private spheres. While the government adopted a lenient attitude towards most rumors which were regarded as minor misbehaviors occurring in the private sphere, the authorities' attitudes changed significantly as they assessed the impact of the SMS-based information flows following the crisis. The Xinhua News Agency (2003), the official mouthpiece of the Chinese government, indicated that after the SARS crises, public security bureaus in 17 provinces and municipalities investigated 107 cases of disseminating SARS rumors through the internet and SMS, resulting in 45 arrests with 20 people fined, 25 warned and 24 receiving

criticism and education directives. The Xinhua News Agency (2003) quoted an official from the Ministry of Public Security as saying that 'most of the rumor senders are youth who are unaware of the real situation'.

In 2005, a similar public health crisis occurred in Harbin, the provincial capital of the north-east area of China. A large-scale explosion at a chemical plant near to Harbin heavily contaminated a river which was the major water source for the city's residents. Initial reactions from the local government reflected the SARS health crisis, with officials choosing to withhold information on the disaster from the public. Accordingly, officials only released information indicating that Harbin's two million population would be out of water for four days because of a regular inspection of the water supply system. However, rumors began to emerge through a variety of non-authoritative communication channels. One person recorded his personal experience of this crisis on the internet:

I heard of this news around 1:00 pm this afternoon from a friend, who sent me an SMS to say that an earthquake had occurred in recent days and suggested to me to make preparations. Almost at the same time, my colleagues also received similar news by telephone or SMS. Then, we heard the government's statement, attributing no water to an inspection of the water supply system. All of us were suspicious of this statement, because no regular inspection would take four days and deny water to millions of residents. When I picked up the phone to tell this bad news to my family and friends, I was surprised to find that all the mobile phones, fixed-line phones were busy. I guessed that it is because most of people were using phones and SMS to inform one another of what was going on ... When I went home after work, I found my mobile phone worked again and there were dozens of SMS and missed calls relating to the water issue. (Eastday.com, 2005a)

As the examples above suggest, the government makes a distinction between the private and public sphere in relation to mobile phone-based information flows. The difference between these seemingly similar uses of mobile technologies relates both to the level of threat posed by the crises nationally (as in the SARS case but not the localized situation in Harbin) and the subsequent potential for large-scale civil protests to emerge and contribute to social and political instability. Accordingly, subsequent discrimination between private and public spheres is evident in the way that the authorities have dealt with civil protests mobilized by mobile telephone use. For example, SMS was used to mobilize Chinese youth for anti-Japanese protests in May 2005 in Beijing, Chengdu, Guangzhou and Shanghai. The anti-Japanese protests were caused by two factors. First, the Japanese government published a history textbook for middle-school children with distorted information on the Japanese invasion of China during the Second World War. Second, the Japanese government decided to run as a standing member of the United Nations' Security Council, regardless of objections from many Asian countries, including China as the loudest dissenter.

While the government had known of the protests ahead of time, it took no action to prevent the protests, because it anticipated only small-scale activities by protestors which would be controllable and facilitate its own stance against Japan through regulated media reports. However, the speed at which a large number of protestors in highly populated and key economic areas of Beijing, Chengdu, Guangzhou and Shanghai responded to SMS messages raised considerable concern among government officials. After the protest, the Ministry of Public Security indicated that the anti-Japanese protests did not have official government approval, while at the same time, the organizers of the protest were arrested. Later, the Ministry of Public Security circulated an official announcement warning that unapproved protests organized through the internet and SMS were illegal, and that organizers would face jail terms (Xinhuanet.com, 2005).

In dealing with the challenges in the public sphere to maintain the social stability and legitimacy of government, the Chinese authorities used instrumental power to punish offenders who transgressed loosely defined boundaries. Complementing this strategy was the use of structural power to remind citizens that strict enforcement of existing laws and regulations would be expanded into the new frontier of mobile telephone communications. However, how and when enforcement of these regulations is enacted depends on the government's assessment of the degree to which mobile communication use threatens social and political stability. Assessing this threat is related directly to whether mobile communication is deemed to be part of the private or public sphere.

Such discriminative actions in monitoring these mobile-facilitated spheres are even more evident in phone-disseminated pornography. Almost all pornographic sites in China are currently fee-based, using SMS to sell, charge and deliver images. These sites charge users in three ways, through mobile phone subscriptions, pre-paid cards or credit cards. In paying through mobile phone subscriptions, first a user will input the mobile phone number before registering and permission is given to enter the pornographic websites. A charge is then deducted automatically from the user's mobile phone account for the subscription and/or browsing and downloading of pornographic content to the user's handset device.

A related issue is the use of mobile telephones to facilitate dating services. Such dating websites in China are becoming increasingly categorized as pornographic by the authorities because they have become progressively more erotic, or a platform for individuals to locate prostitution services. Similarly, MMS messages sent by many dating websites to customers contain highly explicit sexual material, in order to encourage subscriptions. Jiang et al. (2004) cited one user paying only RMB 30 (\$3.60) to become a member of a dating service, another RMB 5 (\$0.60) per month as a subscription fee and RMB 10 (\$1.20) to be upgraded to a 'Star Member'. Additionally, the user

pays a fee for every female he contacts while using the service. Jiang et al. (2004) suggest that a site offering such services, with 5000 co-current users, could earn several hundreds of thousands of renminbi a month.

Many of these websites avoid government scrutiny by providing pornographic services under the umbrella of licensed portals. After registering the domain names, owners of pornographic sites attach their webpages to other officially sanctioned site servers or exist as a partner to a large portal. As indicated earlier, licensed portals typically set up website or SMS alliances on a revenue-sharing basis with small service providers. These agreements provide service providers with 20 percent to 60 percent of revenues. Such arrangements can earn individuals hundreds of thousands of renminbi a month. Such high profit margins have encouraged the establishment of more pornographic sites and led to some mobile operators and financial institutions ignoring their existence. Because they are providing billing settlement services to the sites, essentially, telecommunications operators and financial institutions are supporting the operation of these embedded pornographic sites.

To prevent the spread of pornographic-content through SMS, a number of government organizations including the Information Office of the State Council, the Ministry of Information Industry and the Ministry of Public Security jointly launched a new website in June 2004, where users could report illegal or inappropriate online information dissemination. The website, the Illegal and Inappropriate Information Report Center (<http://net.china.cn/>), is open to any and all Chinese citizens. Additionally, the Ministry of Public Security set up a hotline for people to report pornographic sites. A recent announcement from the Ministry of Public Security showed that since the second half of 2004, approximately 1400 domestic pornographic websites were shut down and 420 people have been arrested, facing jail sentences (Xinhuanet.com, 2006).

In addition to profit-oriented pornographic websites, SMS also serves as a social entertainment function through the dissemination of pornographic jokes among friends. Although it is not directly business-related, pornographic jokes are regarded by the government as immoral behavior which undermines the objectives of the socialist spiritual civilization program and individual's obligations to society. However, the practice has gained popularity among young people, who consider it a way to amuse one another and develop friendships. This practice remains controversial with a large number of mobile phone users, most of whom are young and do not view this issue as a serious social problem. According to an online survey conducted by Sina.com (2003), the largest portal website in China, of the 12,503 mobile telephone users surveyed, 64.15 percent believed that pornographic jokes were acceptable and not obscene, while only 19.1 percent thought such communication was immoral. Moreover, 50.96 percent said that it is not necessary to punish those using SMS to send pornographic jokes by introducing a law, and only 9.54 percent agreed to establishing a law to forbid the practice.

Responding to the problem, the Chinese government adopted a dual-layered policy approach. On one level, the Ministry of Public Security urged people to resist P2P (person-to-person) SMS pornographic jokes through self-discipline, asking local communities and working units to educate young people against such immoral behavior, rather than punishing offenders through legal means (Eastday.com, 2005b). On another level, the National Congress developed draft regulations on public security, which states that people who disseminate pornography, insults and other information to harass others through mail, telephone, mobile devices and the internet will be imprisoned for five to ten days as well as fined RMB 200 (\$25) to RMB 1000 (\$125) (People.com.cn, 2004).

As indicated, the duality of the government's position on pornography reflects a tendency to separate the public and private spheres. In the private sphere, citizens have a comparatively larger degree of freedom to choose their way of life. Whether it is profit-oriented SMS or non-profit mobile jokes, pornography is attributed to a moral problem, relying on education and self-discipline to address the issue. To facilitate these functional solutions, the government predominantly employs symbolic power to present traditional values and healthy social norms as an alternative to corrupt individual moral practices. This approach builds into the overarching socialist spiritual civilization initiative that attempts to gain compliance from citizens through persuasion, not coercion. However, operating SMS-based pornographic websites places such actions in the public sphere and therefore requires employment of a combination of instrumental and structural power to deal with the threat to social and political stability through fines and incarceration. This approach reflects a delicate balance between the government establishing its legitimacy and guiding the market, without hampering its development through over-regulating the telecommunications and information industry.

DISCUSSION

Evidence of China's adoption of subtler approaches to control of key communications sectors such as the telecommunications and information industry illustrates how the philosophy of new authoritarianism is subtly played out through the logic of controlled commodification. Much of the balancing of control and commodification components of this new political philosophy involves the government executing transformational power to create a productive environment for commercialization of the telecommunications and information industry and specifically the mobile telephony sector, to improve its contribution to the economy. A variety of stakeholders, such as mobile carriers, service providers, and individual users, are encouraged to participate in this sector via communications that operate through multiple logics and connections. Boundaries remain ephemeral, mobile and permeable with business and individuals relating to the whole through a variety of autopoietic activities.

Flexible boundaries and the relationships generated through this power structure assist key stakeholders in a number of ways. For example, the government benefits from the permeable nature of these boundaries because of the way that it implements policy and regulations and communicates these to telecommunications and information-related business and the public. When implementing structural power through policy or regulation, the government employs a 'sine-wave pattern' to provide more transparency in future manifestations of the rules without loss of face if the policy or regulations fail to achieve set objectives or in the case of the mobile telephony sector, creates unexpected consequences (i.e. pornography or unethical business practices). This flexibility is reinforced by the communicating style of Chinese authorities, who prefer more diffuse approaches such as building harmony and relationships to specific information, although this is provided when required (see Weber, 2002). This transparency has important implications for mobile telephony businesses because they have more mobility to work entrepreneurially within this flexible structure to secure more profits (i.e. profit-sharing arrangements between mobile carriers and service providers). Consumers also benefit because they see and experience how digital services and products can enhance their daily lives in relation to facilitating business, entertainment (e.g. mobile gaming) or simply basic communication (Weber and Lu 2007).

While transformational power assists in achieving socialist market goals and fits with the new political philosophy of the government assisting and guiding resource allocation, the flexible nature of such boundaries also creates unexpected social and economic problems for authorities, as outlined previously. In responding to these challenges, the Chinese government is careful not to revert to overt structural and instrumental power to control bodies, behaviors and decision-making through coercive actions. If the government re-engages in heavy regulatory and policymaking in relation to mobile technologies, it would force business once again to deal with cumbersome bureaucratic structures, thus slowing down the responsiveness of the industry to market forces. As Wu (1989) argues, too much emphasis on structural power raises concerns over new authoritarianism devolving into another form of dictatorship. Accordingly, an increase in government control would cast considerable doubts among citizens (and consumers) over whether economic gains outweigh the sacrifice of social and political freedoms. As Zhang (2005) suggests, the integrity of the new authoritarianism rests on balancing state control over the public sphere, including political power and public opinion, while allowing the gradual opening of the private sphere for economic prosperity and a limited degree of individual freedom.

Responding to these challenges, the government has adopted a more discriminative position for mobile phone-based information flows in public and private spheres. Citizens are allowed more freedoms in the private sphere. For example, the government showed a certain degree of tolerance for SMS-based

pornographic jokes and unproved information, which are communicated interpersonally or privately. However, under the logic of controlled commodification the government cannot be seen to be allowing undesirable aspects such as pornography, unethical business practices (i.e. overcharging) or civic protests to flourish in the public sphere because such social and political instability would undermine the government's position of cultural leadership. To address this aspect, instrumental power and structural power were applied in limited yet strategic ways, such as fines and imprisonment, to remind citizens of the potential for more repressive government action if further transgressions or infractions potentially moved into the public sphere to threaten social and political stability. Such transgressions relate to pornographic websites, dissemination of public health rumors and, more importantly, attempts to mobilize civil protests through mobile technologies.

What emerges is the placing of more emphasis on using symbolic power or the power over thoughts and perceptions, to complement and justify the structural and instrumental power used to regulate the mobile phone sector for the benefit of Chinese society, whether related to business, citizen or nation-building. This situation supports Braman's (1995) position that different forms of power can coexist, although in compensatory ways, to maximize the strengths and offset the weaknesses of each in different contexts. Achieving this goal without conveying an authoritarian or dictatorial position has meant the establishment of a 'relational contract' between government, business and citizen. This contract is similar to that which emerges within the exercise of structural power (i.e. the regulatory safety net), but refocuses the relationship away from dominant coercive measures towards directing society through cooperation, harmony and mutual gain. This approach is designed to initiate support for the government's central role in the process of modernization. For example, in establishing a website and hotline to report pornographic websites, the government exhibits this type of cooperative association with society and its citizens. However, the dual-layer policy of education and social pressures through local communities and working units, supported by small fines and short jail terms, are subtler attempts to discourage (but not openly coerce) people who engage in social behaviors deemed by the authorities to be unacceptable yet not overtly threatening to social and political stability.

In contemporary China, less effectual control modalities such as propaganda and coercion have been replaced by a relational contract which establishes parameters or boundaries for signatories (i.e. government, business and citizens) within which to operate. The government now plays a subtler, yet determining, role in formation of the contract by its strategic use of different kinds of power. For example, use of transformational power provides more ephemeral and mobile parameters or boundaries, which is appealing to citizens who see economic freedoms emerging through modernization.

Meanwhile, the use of instrumental and structural power allows the government to have more flexibility in adjusting these parameters or boundaries according to contextual needs under transformational conditions. Only when business or citizens overstep the bounds of that agreement through actions deemed threatening to social and political stability will the government initiate harsher structural and instrumental power to limit behaviors through punishment or the threat of revoking economic benefits. Accordingly, the boundary between public and private spheres in mobile phone-based information flows is neither fixed nor clearly demarcated.

Moreover, the concept of a relational contract is communicated as not curbing individual freedoms but protecting the integrity of Chinese society and its modernization efforts, specifically economic development. Within this contractual agreement, Giddens' (1990) notion of re-embedding mechanisms emerges as Confucian values that bind people willingly to China's abstract system of social relations found within the philosophical position of new authoritarianism. Such values relate to the sacrifice of some freedoms (political and social) through subtly reinforcing the Confucian relationship of ruler (government) and over ruled (citizens). These mechanisms help to re-establish the centrality and legitimacy of the government as the sole provider of the type of cultural leadership (or hegemonic norms) necessary to balance control and commodification and realize a socialist market economy. In so doing, success depends on balancing transformational, structural, instrumental and symbolic power to deal better with unexpected economic and social problems, without returning to draconian control mechanisms which would erode the trust between government and citizen through the administrative rationalizations outlined by Ding (2002). This means that a failure to manage effectively emergent resistance points relating to health crises, civil protests and pornography will expose further the quasi-Sartrean or a 'winner loses' logic which underpins the relational contract. To this end, the government's contract must provide more tangible gains than that provided by nationalistic rhetoric within the realm of a more civically aware, market-oriented and a growing financially-independent consumer base.

CONCLUSION

Coping with the increasing complexities and challenges of social change enabled by new mobile technologies has required the Chinese government to develop a set of flexible mechanisms devised around three levels of theory, policy and action. In so doing, new authoritarianism provides the philosophical grounding for the implementation of the strategy of controlled commodification. Such policymaking requires provision of Winston's (1998) notion of 'sufficiently amenable conditions' to commercialize telecommunications and information technologies, while retaining and emphasizing the government's central role in these processes through subtler control modalities.

On the one hand, procuring support for controlled commodification initiatives is based on establishing a relational contract between the key signatories of government, business and citizenry. This contract sets the parameters or boundaries within which businesses and citizens can engage with mobile technologies for the benefit of the wider Chinese society. Underpinning this approach is the government's shift away from relying on forms of instrumental and structural power to force compliance to subtler forms of transformational and symbolic power to direct compliance. Importantly, it is transformational power that creates an environment in which interdependencies among key players such as government, telecommunication carriers and service providers help to commercialize the industry, with profit-making and service provision the main objectives. On the other hand, symbolic power accesses the core values found in nationalistic rhetoric and spiritual civilization discourse to gain subtly user compliance for government objectives. However, far from abandoning public security (instrumental power) and regulations and laws (structural power), the government uses these forms of power as a safety net and not as a pre-emptive strike, to communicate subtly guidelines on ethical business practices and moral issues. In so doing, these guidelines are communicated as a commonsense way to protect users and society, and promote China's development.

Playing down the more draconian forms of control under authoritarian rule assists the government in three ways. First, less overt control provides the telecommunications and information industry with a more flexible environment to respond to market changes, thus increasing opportunities for improved profitability and contributing more effectively to the economy. Second, subsequent success in transforming the industry reinforces the government's cultural leadership role in directing successful economic development and the process of modernization. Third, a less obtrusive control environment helps to reinforce the government's relevancy in Chinese society, particularly among an expanding financially-independent middle class, while maintaining political and social stability. However, examples of growing resistance to set parameters or boundaries (e.g. civil protests or pornographic jokes) indicates the growing potential for citizens to resist such limitations without substantial rewards being offered for sacrificing political and social freedoms.

The findings from this study suggest two directions for future research. First, researchers could explore the distinction between public and private spheres and how different forms of power are employed within public or private domains in relation to the state's macro-regulation and market economy and public security or stability and personal issues. Second, researchers could explore the instabilities emerging in the public and private domains relating to the realignment of power between government and citizenry created by ICT development, including policy implementation. This stream of research could study empirically how individual citizens, facilitated by new ICTs, creatively

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