Abstract

Privatization has become international and interregional phenomena since 1980s. Among the privatizations of all state-owned and public enterprises, telecom ones can be described as one of the most political implications, facing more political resistance than others. Given the fact that the past researches mostly focused on such single approaches as ideology, institutions and interest groups, this study tries to integrate idea, institutions and interests into a political analytical framework. This study hopes to answer the key prerequisites affecting telecom privatization’s three dimensions—speed, success and smoothness, constructing the political theory of telecom privatization.

Two indicators of measuring “idea” are “telecom assets historically privately-owned” and “re-elected ruler (or ruling party)’s winning margins”. Two indicators of measuring “institutions” are “fusion of political powers” and “health of capital markets”. Two indicators of measuring “interests” are “arbitrage incentives during first shares sale” and “offering shares to individual investors and employees”. If the case is simultaneously qualified for two indicators, it means the case could perform well in that dimension, and vice versa. If the case only satisfies one indicator, it means the case could perform intermediately.

The author found that as far as the results of telecom privatizations in United Kingdom, Russia and Taiwan are concerned, idea, institutions and interests actually are able to explain the difference of the three cases in terms of speed, success and smoothness. In other words, a speedy, successful and smooth telecom privatization depends on idea, institutions and interests. Although it is difficult to change idea, the governments can begin with institutions and interests. Institutions play the “commitment” role, and interests show the “allocation” effect. In particular, the more broadly interests being allocated, and the more profitable individual investors and employees obtaining from telecom privatization, the less opposition the government encountering. The study suggests that the government think of telecom privatization reversely. Telecom privatizations can be pressed ahead smoothly only with “cheaply selling” telecom assets to individual investors and employees during first shares offering.

Keywords: Telecom privatization, idea, institution, interest, arbitrage.